

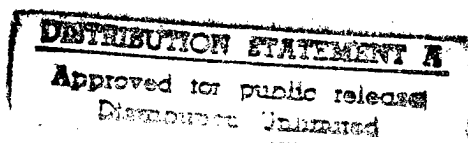
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JPRS-CEA-84-051

25 June 1984

China Report

ECONOMIC AFFAIRS



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CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Journal Introduces Forum on Ecological Economics
(JINGJI YANJIU, No 4, 20 Apr 84) 1

PROVINCIAL AFFAIRS

- Tianjin Official's Economic Work Report
(Nie Bichu; TIANJIN RIBAO, 16 Apr 84) 9
- Newspaper on Shaanxi Government Report
(Li Qingwei; SHAANXI RIBAO, 10 May 84) 16
- Ningxia 1984 Economic, Social Development Plan
(Zhang Shengyuan; NINGXIA RIBAO, 11 May 84) 39

AGGREGATE ECONOMIC DATA

- 1983 Economic, Social Development Statistics
(BEIJIN RIBAO, 10 May 84) 53

ECONOMIC MANAGEMENT

- Favorable Results Achieved in Enterprise Consolidation
(JIEFANG RIBAO, 11 Jan 84) 66
- Shanghai's Economic Growth Steady
(JIEFANG RIBAO, 13 Jan 84) 69
- Tianjin Improves Enterprise Economic Results
(Yu Youhai; CAIZHENG, No 3, 8 Mar 84) 72
- Liaoning Adopts Measures To Reduce Deficits
(CAIZHENG, No 3, 8 Mar 84) 79

JINGJI YANJIU Discusses Circulation of Materials (He Yuanlu; JINGJI YANJIU, No 4, 20 Apr 84)	84
INDUSTRY	
Hunan's Machine Industry Production in January (Li Zhuwen; HUNAN JINGJI XINXIBAO, 25 Feb 84)	95
Jiangsu Increases Industrial, Agricultural Output Value (XINHUA RIBAO, 17 Mar 84)	97
Jiangsu's Industrial Production (Bai Jinhua; XINHUA RIBAO, 19 Mar 84)	99
Briefs	
Gansu's Gross Industrial Output Value	101

NATIONAL POLICY AND ISSUES

JOURNAL INTRODUCES FORUM ON ECOLOGICAL ECONOMICS

HK120827 Beijing JINGJI YANJIU [Economic Affairs] in Chinese No 4, 20 Apr 84
pp 25-28, 47

[Article by forum secretariat: "Summary of the National Forum on Ecological Economics and the Founding of the Chinese Institute of Ecological Economics"]

[Text] The national forum on ecological economics and the meeting to proclaim the founding of the Chinese Institute of Ecological Economics were jointly held from 14 to 21 February in Beijing by the Economics Research Institute and Agricultural Economics Research Institute of the Chinese Academy of Social Sciences, the environmental protection bureau of the Ministry of Urban and Rural Construction and Environmental Protection, the Chinese Institute of Ecology and the state commission of the Chinese "humanity and biology circles." [ren he sheng wu quan 0086 0735 3932 3670 0946]
Attending the forum were 170 delegates, who included experts and professors, researchers and actual workers from the social science and natural science circles and representatives from media circles. The forum received more than 90 theses and was chaired by well-known economist Xu Dixin. Vice Premier Wan Li made a report to the forum and important speeches were also made by leading cadres from the departments of the State Council concerned and well-known scientists, including Qian Xuesen, Yang Zhong, Li Ximing, Bian Jiang, Chen Daisun, Yu Guangyuan, Liu Suinian, Liu Guoguang, and Sun Shangqing. The forum discussed the question of "ecological balance and the realization of the socialist modernization program," set up the Chinese Institute of Ecological Economics, and made proposals for the strengthening of the work in this aspect in future.

I

Vice Premier Wan Li delivered an important report to the forum. On behalf of the CPC Central Committee and the State Council, he first of all expressed his congratulations on the founding of the Chinese Institute of Ecological Economics. He said that the question of ecological economics represents a major problem in China and pointed out that our understanding of this question has come a little late. Great achievements have been made by China in socialist construction since the liberation of the country. But there have emerged a number of mistakes and one of them is that we did not pay attention to ecological balance and improving the ecological environment. And the situation in which the ecology is getting worse still continues.

Therefore efforts must be made to turn vicious cycles into benign cycles in the 1990's, as the CPC Central Committee has decided to step up this work organizationally and economically. The founding of the Chinese Institute of Ecology in 1979 and the new founding of the Chinese Institute of Ecological Economics have served to show that the state has become aware of this question. Some economically advanced countries have carried out production blindly for a long period and as they have consequently damaged the ecological balance, they have been aware of the seriousness of this problem earlier than China. The problem of ecology in the third world is quite serious. And as China belongs to the third world, it is imperative for the country to become conscious of this problem earlier than other countries in the third world.

Comrade Wan Li pointed out that before we are able to pay attention to and step up the work in ecological economics, it is imperative first to raise understanding of the importance of ecology. It is imperative to raise the understanding of the whole CPC and people, but first of all it is imperative to raise the understanding of leading cadres. The most serious problem at present is education. Therefore from now on, primary school textbooks must include ecology and specialized courses must be set up in colleges so as to train a number of experts in this aspect. Second, strengthen leadership. First of all, leading departments at various levels must pay attention to ecological economics. For example, the State Planning Commission, the Ministry of Urban and Rural Construction and Environmental Protection, the Ministry of Agriculture, Animal Husbandry, and Fishery, and the Ministry of Forestry must strengthen research work. Various branches of science must cooperate and research organs and leadership must be strengthened. The activities of the Chinese Institute of Ecological Economics must be integrated with the work of various departments concerned.

Following its founding, the Chinese Institute of Ecological Economics must serve the modernization program. First, it must be active in discussing, studying, and defining the seventh 5-year plan for the country and in making proposals so as to do a good job of giving advice for the development of the national economy. Second, it is imperative to introduce advanced experiences of other countries, which may also be absorbed into the seventh 5-year plan. Third, it is imperative to conscientiously sum up the experiences and lessons of ecological economics over the past 35 years since the founding of the PRC, and this work is an important task of ecological economics. The Institute of Ecological Economics is not simply an academic organ: the comrades that have joined this institute represent the masters of the country and therefore they must start from this point and actively make proposals for the improvement of the ecological environment in China and they must also come forward to struggle against what goes against the laws of ecological economics. All this represents the role of the institute in socialist construction. It is hoped that following its formation, the institute will be able to play an active role in this aspect.

II

Xu Dixin made a report to the forum, entitled "A Probe Into Ecological Economics." In this report, he expounded various aspects such as organic combination between ecology and economic science, the targets of the study of ecological economics, the basic science of ecological economics, ecological balance and its economic significance, ecological balance and economic law, and the tasks of ecological economics. Leaders from the concerned departments of the State Council and well-known scientists made important speeches at the forum and they all stressed the importance of the study of ecological economics and the necessary development of ecological economics.

First, the practice of economic construction in China demanded the strengthening of the comprehensive study of science. Well-known scientist Qian Xuesen said that it is imperative to be concerned with the environment and natural resources. The targets of the study of the environment include the surface layer of the whole globe. This layer is enormous and has a complicated multi-layered structure and therefore this surface layer must be studied scientifically and in a comprehensive way. The study in this aspect includes natural science and technology and, what is more important, the study of economic questions.

Second, the economic construction in China must be carried out under the guidance of the principle of ecological economics. Liu Suinian, deputy director of the State Planning Commission, pointed out that as China is working out the seventh 5-year plan, ecological balance and environmental improvement must be included in state planning as important items. Yang Zhong, minister of forestry, said that planting trees and growing grass in a big way represent the first step in improving the natural ecological balance. Forestry departments must coordinate with ecological economics researchers. Li Ximing, minister of urban and rural construction and environmental protection, demanded that the study of ecological economics must be able to provide a theoretical foundation as guidance for the departments under the Ministry of Urban and Rural Construction and Environmental Protection in working out planning and in defining rules and regulations and principles and policies. Bian Jiang, advisor to the Ministry of Agriculture, Animal Husbandry, and Fishery, was of the opinion that ecological balance has particularly important significance for the realization of agricultural modernization. He said that one of the characteristics of the socialist modernized agriculture with Chinese features is building a new ecological agriculture. Well-known economist Yu Guangyuan pointed out that it is imperative to foster the thinking of ecological design and that ecological economics represents a required subject of study for ecological designers.

Third, understand ecological economics and promote its development. According to the opinion of well-known economist Chen Daisun, it is a natural trend that in its development, science develops from comprehensiveness to specialization, while new branches of science emerge through reorganization and penetration. For example, the combination of economy and ecology has resulted in the formation of ecological economics; therefore it can be seen that

economics is not stagnant. Liu Guoguang, deputy director of the Chinese Academy of Social Sciences, said that ecological economics represents a further deepening of the economic activities of mankind, and it is also a product of increasing the burden of natural ecology. China is lagging 10 years behind the countries with advanced production in the study of ecological economics while economic circles in the country have not paid enough attention to this question. It is imperative to understand the importance of the study of ecological economics, to strengthen the study force, and to organize academic exchanges so as to promote research work in this aspect.

III

The forum proceeded from the point of combining theory with practice, with discussions mainly concentrated on the relations between ecological balance and socialist economic construction.

1. The importance of carrying out research work in ecological balance must be considered from the point of the strategic principle of the socialist economic construction of China. First, per capita possession of biological resources in China is low; therefore the basic premise for developing agricultural production is to pay attention to ecological balance and spare no effort to protect the environment. Second, the ecological environment in China has been seriously damaged; therefore, to stop the ecological environment from further worsening and constantly improve this environment represents an important condition for constantly developing the economy of the country. Third, the socialist modernization program of China includes material civilization and spiritual civilization. And an important goal of the socialist modernization program of China is to pay attention to ecological balance so as to build beautiful and clean environment. Fourth, the goal of China in developing the economy is to improve people's living standard, protect people's health and create happiness for generations to come. This is the need of the socialist basic economic law. The mode of the development of the modernization program in China is determined by the goal of economic development; therefore it is imperative to put the maintaining of the ecological balance and protecting the environment on the same footing with economic construction. It is a basic policy of the state to protect the environment while the study of ecological economics will provide a theoretical foundation for this policy.

Delegates have come to understand during the discussions that the roles of the study of ecological economics involve various major aspects of the economic construction. People have experienced the impact of the serious consequences that have been caused by damage of the ecological balance as a result of damaging the ecological balance in agricultural production. The typical examples of achieving economic results through paying attention to ecological economics have emerged in increasing numbers. Liiuminying Production Brigade of Zhangziying Village of Daxing County on the outskirts of Beijing did not pay attention to ecological balance in the past. Now this production brigade has begun to pay attention to developing ecological agriculture. Measures have consequently been taken to readjust the structure of agricultural

production, develop diversified economic management and comprehensively and cyclically utilize organic waste material and pay attention to the role of the ecological balance. Thanks to its effort, this production brigade has had considerable economic results. The experience of this production brigade represents an important enlightenment for us. With regard to urban construction and industrial development, the city of Shenzhen has carried out the study of ecological economics in some aspects when it is working out the planning for urban construction and consequently it has provided useful reference material with regard to the size of urban construction. The construction of the coal and chemical industrial base of Shanxi Province has been followed by the emergence of various problems such as the sinking of the land, excessive consumption of underground water, enormous stockpiling of gangue, and pollution as a result of the use of low quality coal in generating electricity for shaft entrances. The consequences of this construction have become more serious and it is urgent to solve them from the point of ecological economics.

Ecological economics is also tremendously shown in other productive and non-productive sectors and it is also related with management system and economic policy.

Some people said that the vicious cycle of the ecological system caused by an unbalanced ecology does not exist in agriculture in China. They even said that the advocacy of ecological economics represents a clamor of the bourgeois in Western countries to get themselves rid of busy city life and live an idyllic life. In fact, unbalanced ecology has appeared in many aspects in China and environment has been seriously damaged; therefore it is unnecessary to argue about this question. An urgent task at present is to step up the study of ecological economics and take the necessary measures so that we will be able to rapidly change the situation of unbalanced ecology.

2. It is a necessary trend for the development of economics and science in China to carry out comprehensive ecological study.

The ecological system is an entity. Therefore in carrying out economic construction it is imperative to pay attention to the ecological results and economic results and the results caused by the combination of these two aspects. Following the development of economic construction and the requirement to achieve as big economic results as possible, the economic sector in China has increasingly suggested carrying out comprehensive study of the entity of the ecological system. The subjects of this study include the economic results of economically coordinated regions, the management system of counties by cities, and township construction. The study of agricultural economics has been carried out in such aspects as the development of agriculture in a narrow sense (croppings) and of agriculture in a broad sense (agriculture, forestry, animal husbandry, sideline production, and fisheries). It has also been proposed recently to study the rural economy. Viewed from the angle of ecological economics, all these are objective demands for carrying out comprehensive study to achieve the best results from the entire ecological system. Various ecological systems themselves also represent

entities. But our management departments have different subordination. This situation is a major reason for the fact that most research work in China has been carried out according to specialized and single vocational study and that a number of problems still remain to be resolved although there have been demands to resolve the problems. This situation means that it is necessary and urgent to step up comprehensive study and regard the study of ecological economics as a high priority item.

From a scientific point of view, the development of economics and ecology represents a need in production and economic construction. We cannot but affirm the roles displayed by the results of the research of ecology and other natural sciences in economic construction, but this comprehensiveness is often limited by certain economic conditions. Before we are able to turn the results of the ecological research into economic results and enable them to display their roles in economic construction, it is imperative to combine these results with economic science. In addition, in their long period of practice and through positive and negative experiences, economic workers have also come to understand that in carrying out economic construction, we have to consider the ecological environment and that the economic results that have been achieved through economic measures will decrease or increase, depending on the impact of these economic results on the natural ecological balance. In order to achieve long term and overall economic results, it is imperative to combine economics with ecology and this common demand is the foundation for the emergence of the science of ecological economics.

In carrying out comprehensive study of ecological economics, we must pay attention to the economic results as a result of the combination of different ecological systems. The interface of two or more ecological systems will be the most active part of an ecological system. The combination between this principle of ecology and the practice of economic construction demands that we must pay attention to various forms of economic combination and study the related economic questions that mainly include exchanges between industry and agriculture, exchanges between rural areas and urban areas, and exchanges between marine and land products. For example, the cities of Shanghai and Tianjin have paid attention to developing animal husbandry and fisheries on the outskirts by relying on the wastes of the food industry. And through the formation of an open type ecology-economy system between industry and agriculture and between rural areas and urban areas, these cities have organized certain products chains, added biological investments and as a result, they have achieved better economic results. The handling of garbage in urban areas must be carried out under the guiding ideology on the exploitation of energy and the implementation of the exchange of goods and energy between industry and agriculture and between rural areas and urban areas; big cities must have a certain range of suburban agriculture. And all these represent the theoretical foundation of ecological economics. With regard to the exchanges between marine and land products, China has, since long ago, accumulated experience in managing "fish ponds on the basis of mulberry trees" and this experience must be summed up on the basis of the theory of ecological economics.

At present, there exists a tendency in theoretical circles and practical work circles of paying attention to single-item scientific technology and neglecting the influence of the comprehensive factors of environment. Some comrades have based themselves on the principle that internal cause is the foundation of change and external cause is the condition for change and put the above two aspects in contradictory position: this view is no doubt far from being overall. It is no doubt that single-item scientific technology such as the role of breeding fine seedstrains in agriculture are very important. But the role of single-item scientific technology can be realized only under certain environmental conditions, in addition, various single items of scientific technology also condition each other. The overall view should be the unity between internal cause and external cause and the use of the point of view of ecological economy in organizing comprehensive study so as to achieve comprehensive and overall economic results.

3. Pay attention to integrating economic results with ecological results.

The economic activities of mankind are subject to the influence of natural power. The enormous positive and negative practices in the economic construction in China proved that economic activities will result in anticipated economic results when they are carried out according to the law of the movement of natural economy, otherwise, we will suffer economic losses or even cause protracted and disastrous results. Therefore in carrying out modern economic construction, it is imperative to pay attention to both economic results and ecological results and the combination of these two aspects.

Under the influence of "leftist" mistakes in the past period, there was a slogan: "Pay attention to political results and not economic results." This slogan neglected the role of economic law and has caused serious losses to the economic construction of China. Following the 3d plenary session of the 11th CPC Central Committee, "leftist" mistakes have been eliminated to pay attention to the role of economic law. As a result, rapid progress has been made in economic construction. And over the past few years, we have also come to realize the danger of solely paying attention to economic results and neglecting the importance of ecological results. With this understanding, we have paid attention to the role of the law of nature and this situation represents a leap in our understanding of economic construction. Some times there are contradictions between economic results and ecological results. If we only pay attention to intermediate or partial economic results, we will consequently endanger the ecological balance and affect the long-range and overall interest. But these two aspects can be unified. When we are aware of the role of economic law and that of the law of nature, we are in a position to effectively arrange economic construction so that it will accord with the needs of economic law and the law of nature. This understanding in economic construction is vital and a high price has been paid for it. It is imperative for us in future to consider economic results and ecological results as representing a guiding principle that has to be implemented in economic construction.

The forum has also profoundly discussed the basic theory of ecological economics. Subjects of the discussions included the targets, tasks, nature, and scientific position of the study of ecological economics, its relations with other branches of science, and the theory of the value of natural resources. For example, whether a complex ecological economic system and the law of ecological economy exist; whether ecological economics is a theoretical science or an applied science; the difference and relations between ecological economics in a narrow sense and ecological economics in a broader sense, between ecological economics and political economics and between departmental economics, ecology and human ecology and whether natural resources have their value. The targets of the study of ecological economics were discussed more concentratedly and profoundly at the forum and these discussions put forth three major different points of view. The first view is the "theory of point." According to this view, the ecological economic system objectively exists. To study this system from the point of economics means ecological economics while to study it from the point of ecology is economic ecology. Another view is the "theory of combination" which regards ecological system and economic system as crisscrossing each other and the part where the crisscrossing happens represents the complex system of ecological economy and this combined part is the target of the study of ecological economics. The last view is the "theory of objective body." This view regards the ecological economic system as objectively existent and the movement of the contradiction of this objective body is the target of the study of ecological economics. The delegates are of the opinion that the practice of the economic construction of China and the building of various branches of science have put forth a number of important questions on the theory of ecological economics and it is for us to study these questions in a deep way. Therefore it is imperative to step up this work and on this basis, to gradually accumulate experience so that the country will be able to form the scientific system of ecological economics.

IV

The forum declared the founding of the Chinese Institute of Ecological Economics. And according to present needs and its own strength, this institute has formed three research institutes. They are Research Institute of Basic Theory of Ecological Economics, Research Institute of Rural Ecological Economics, and Research Institute of Urban Ecological Economics. These research institutes have worked out their plans for research activities in 1984.

CSO: 4006/565

PROVINCIAL AFFAIRS

TIANJIN OFFICIAL'S ECONOMIC WORK REPORT

SK050025 Tianjin TIANJIN RIBAO in Chinese 16 Apr 84 p 2

["Excerpts" of the report on the implementation of the 1983 Tianjin Municipal Economic Plan and on the 1984 municipal economic plan made by Nie Bichu, deputy mayor of Tianjin and chairman of the municipal planning commission, at the 2d session of the 10th municipal people's congress]

[Text] 1. The Implementation of the 1983 Municipal Economic Plan

In 1983, inspired by the guidelines of the 12th CPC Congress, all fronts in the municipality conscientiously implemented the principle of readjustment, restructure, consolidation and improvement, made efforts to create a new situation in the socialist modernization drive, implemented the plan for the municipal economic and social development in a very good manner, and achieved important results in all fields of work. A sustained and stable increase was made in industrial production. The total municipal industrial output value was 22.92 billion yuan, an 8.2 percent increase over the previous year and overfulfilling the 1983 target of insuring a 5 percent increase and striving for a 6 percent increase. Of this, the output value in light industry increased by 6.4 percent and that in heavy industry by 10.5 percent. The quality of most products was improved and their designs and patterns increased.

Although the province had been hit by a drought over the past 4 years, gratifying achievements were made on the agricultural front. The total agricultural output value was 2.287 billion yuan, up by 8.4 percent over the previous year. Despite the reduction of autumn grain which resulted from the serious drought, the annual grain output totaled 2.22 billion jin, a drop of 9.5 percent from the previous year, but better than expected. A relatively big progress was made in the diversified economy and foodstuff production. The marketable rate of commodities also increased by a big margin. The sum of agricultural and sideline products procured for export and for the domestic market and the sales volume of urban and rural markets amounted to 646 million yuan, up by 16.8 percent.

A record high was set in fulfilling the investment in the municipal fixed assets. The investment in capital construction was fulfilled by 2.184 billion yuan, a 12.6 percent increase over the previous year. The construction of key projects was developed rapidly, decisive progress was made in rebuilding the

earthquake-stricken areas, and new improvements were made for the civil public facilities.

The circulation channel of the domestic market increased. Commodity purchases increased by 8.7 percent and commodity sales by 10.2 percent. A relatively good result was achieved in foreign economy and trade despite the big change and the acute competition on the international market, and under the situation in which the state strictly controlled the export deficits. A total of 2.94 billion yuan worth of commodities were procured in the municipality for export, up by 6 percent over the previous year. The foreign exchange collected by various ports totaled \$1.431 billion, an increase of 0.2 percent over the previous year. A good beginning was made in utilization of foreign capital and in technological import.

A gradual turn for the better in economic results was effected. The revenue totaled 3.88 billion yuan (excluding the revenue delivered by the petrochemical company), 100 million yuan more than the planned figure and achieving the goal of increasing production and revenue.

New progress was made in science and technology, education, culture, public health and sports. The orientation that science and technology serve economic construction was further defined. Noticeable achievements were scored in organizing the five scientific and technological forces, in conducting technological appraisal for the projects of technological transformations and technical import, and in applying the scientific research achievements scored by the domestic universities and colleges and by scientific research units. Social scientific workers and practical workers conducted investigation and study on 22 major problems existing in the current two-civilization construction and initial results were achieved in this regard. Regular higher learning institutions enrolled 11,820 students and 12,307 students graduated from these institutions. Through many years of efforts, the first batch of students, 5,860 people, graduated from the branches to various universities. A total of 1,019 hospital beds and delivery beds were added across the municipality. The population birthrate dropped from the previous year's 20.1 per thousand to 17.1 per thousand.

The living standard of the urban and rural people was improved continually and commodity prices were stabilized basically. The total volume of retail sales in the municipality increased by 10.1 percent over the previous year. The wages of enterprise workers and staff members were raised in general and peasants' income increased continually. More than 80,000 youths were given jobs.

[SK050025] 2. Principal Tasks and Measures for 1984 Economic and Social Development Plan

Principal tasks for 1984 economic and social development plan are: We should further implement the principle of readjusting, restructuring, consolidating and improving various great measures set forth by the central authority, center on raising economic results, firmly attend to a comprehensive consolidation of the enterprises, continue readjusting the products mix and industrial structure, accelerate the pace of technological transformation and progress, raise the quality of enterprises and the level of economic management, concentrate

financial and material resources on insuring key production and construction, strictly control the increase in consumption funds, make good arrangements for people's livelihood, enthusiastically conduct reforms, enliven the circulation, make efforts to better balance the relations between various sectors of the economy, promote a continuous and stable increase of the economy, insure increases in production and income, realize increases in both speed and efficiency, and make efforts to increase economic results and production at the same pace.

The principal targets for our 1984 economic and social development plan are:

The total industrial output value is 24.066 billion yuan, insuring a 5-percent increase and striving for a 6-percent increase. Of this, the total output value of light and heavy industries respectively increases 5 percent.

The total agricultural output value is 2.403 billion yuan, an increase of 5 percent.

As for the total agricultural and industrial output value, we should prefulfill the Sixth 5-Year Plan 1 year ahead of schedule.

The people's income should reach 10.816 billion yuan and it is estimated to increase 4 percent over last year. The revenue is 3.978 billion yuan, a 2.5-percent increase. The profits handed over to the state by industrial enterprises should reach 1,453,900,000 yuan, a 4.2-percent increase. The total investment in the scale of capital construction is 1.948 billion yuan, a 12.4-percent increase over the plan made at the beginning of last year. Of this, 712 million yuan of funds, allocated by the organs directly under the central authority, should be used for the construction of state projects and 1.236 billion yuan of funds should be used for local capital construction. We have 26 large and medium-sized projects.

The local investment in renewal and transformation is 928 million yuan, an 11.9-percent increase over the plan of last year. Of this, 700 million yuan of funds are for industry, a 20-percent increase. There are 18 projects in need of over 10 million yuan of investments.

The sum of commodities procured for export is 2.31 billion yuan. The value of exports via ports should range from \$1.025 billion to \$1.077 billion. We should strive for surpassing the plans.

The value of commodities procured for domestic trade is 7.507 billion yuan, a 4-percent increase. The total marketing value is 6.81 billion yuan, a 6 percent increase. The volume of retail sales of commodities is 5.14 billion yuan, an 8.5 percent increase.

Currency drawn back from circulation is 80 million yuan, a 55-percent increase.

New developments have been made in arranging scientific, educational, cultural and public health undertakings. Institutions of higher learning plan to recruit

12,133 students, a 2.6-percent increase. Of this, local colleges and schools will recruit 5,900 students, a 3.1-percent increase. Secondary vocational schools plan to recruit 8,620 students, an 11.3-percent increase. Technical schools plan to recruit 8,500 students, an 18.8-percent increase. Vocational middle schools and agricultural middle schools plan to recruit 10,000 students, a 50.7-percent increase. Schools of higher education for adults plan to recruit 14,625 students, a 34.5-percent increase. Some 1,400 hospital beds will be added.

Natural population growth rate is 15.5 per thousand.

In order to realize various tasks for 1984 economic development, we should adopt the following principal measures to make plans and arrangements.

[SK050507] 1) We should develop readily marketable products and new products in line with the needs of international and domestic markets so as to promote the stable increase of industrial production on the basis of increasing economic results. We should vigorously accelerate the development of the electronic industry, speed up the upgrading and updating of mechanical products, and develop the technology-intensive products and highly sophisticated products. We should attend to readjusting and reorganizing enterprises, centering on readjusting product structure.

2) We should make a relatively big breakthrough in technological transformations and technological progress. We must link the municipal economic and industrial development with the "new world technological revolution," be bold in utilizing foreign capital, and import the advanced international technologies to renovate old enterprises and old products. Under the 1984 plan for the scientific and technological development, 218 scientific and technological projects will be developed in the first stage and 110 of them will be completed by the end of 1984.

3) We should conscientiously implement the guidelines of the document No 1 issued by the CPC Central Committee, further develop the commodity production in rural areas, and strive to increase grain and nonstaple food production by a relatively big margin. In the course of grasping grain production, we should continue to develop the diversified economy with stress on the production of nonstaple food so as to provide still more foodstuffs for urban areas. We should further improve the output-related contract system, actively support the development of various specialized households and integrated households, and encourage the signing of developmental contracts. We should depend on science and adopt many measures to improve the condition for agricultural production. With supply and marketing cooperatives as the main factor, the state, collectives, and individuals should make concerted efforts to further clear the circulation channel. In accordance with the CPC Central Committee's circular on creating a new situation in commune- and brigade-run enterprises, we should energetically support and guide the development of town and township enterprises (commune and brigade enterprises) so as to give full play to their role in serving cities, the major industry, export, agricultural production and people's daily life.

4) We should firmly and unswervingly implement the principle of "opening to the outside world and enlivening the domestic economy," breathe life into foreign economic relations and trade, and vigorously expand export. We should continue to serve domestic and foreign markets, utilize domestic and foreign resources and funds, and bring foreign trade work onto the path of increasing economic results. The industrial and trade departments should make concerted efforts and try every possible means to expand export. Foreign trade departments should improve their operational management, vigorously lower expenses and reduce the stock of goods. At the same time, these departments should strengthen the foreign market information work, open up more markets, and sell goods at reasonable prices. These departments should strengthen the foreign market information work, open up more markets, and sell goods at reasonable prices. These departments should adopt various forms to develop the assembly of imported spares, and the compensatory trade. We should conscientiously implement the CPC Central Committee's decision on further opening Tianjin and 13 other coastal ports and cities, lose no time in developing our work, and make a new stride and create a new situation in utilizing foreign capital.

5) We should pool our forces to aid the key construction projects and realize returns on investments as early as possible. The specific steps for this work are: a) The investments directly supplied by the state should be mainly spent on such energy and communications projects as the offshore oilfields, Dagang oilfield, Tianjin Harbor, the key railway project of Tianjin, the rebuilding of the No 1 power plant, and the power transmission and transformation project. b) The local capital construction investments will be used as follows: First, we plan to build the 18 km-long underground culvert and the winding-up and auxiliary projects for the Luanhe diversion project. In addition, the municipality plans to build the Tanggu water diversion project with funds raised locally and this project will be completed within this year. Second, we plan to invest 670 million yuan of local funds in the rebuilding of earthquake-stricken areas (another 50 million yuan will be spent on dismantlement and renovation), so as to complete the building of residences which had been damaged by earthquakes. The local investments will also be used to build the Xijiao coal gas plant, a sewage treatment plant, a glass plant, a cement plant, and an aerocrete plant. With this investment, the municipality will complete the earthwork of 4 telephone branch exchanges which will add the installed capacity by 22,500 local lines. This local investment will also be used to continue the construction of the Xinkaihe waterworks and to start the construction of a heating network project which will help renovate the Dongjiao coal gas plant and the No 1 power plant. Third, the rest of the local capital construction investment will be used to develop local energy and communications items, the key industrial items, the talent people development items and the items urgently needed in people's livelihood.

[SK050729] 6) We should attend to increasing revenue and economizing on expenditures and to halting deficits and increasing profits, and should strive to fulfill the financial task. The per capita productivity of industrial enterprises across the municipality rose by 2.5 percent, the production cost of local state-run industrial enterprises fell by 1.5 percent, and the turnover period of circulating funds was shortened by 2 percent. The production

cost of communications enterprises fell by 1 percent and their turnover period of circulating funds was shortened by 2 percent. The cost of construction enterprises fell by 6 percent. The circulation expenses of commercial enterprises fell by 2.2 percent. Great attention should be paid to the major profitmaking enterprises, to raising the profitmaking level, and to halting deficits and increasing profits. This year, the deficit of money-losing industrial enterprises should be reduced by 61 percent from the previous year. By the end of this year, the deficit caused by poor management and operation should be eliminated. Great efforts should be made to eliminate money-losing products. Efforts should also be made to economize on expenditures and oppose extravagance and waste. We should strengthen the supervision role of financial, tax, and bank departments.

7) We should vigorously lower consumption and collect material resources to insure fulfilling the demands for production and construction. There is a great potential to reduce consumption. We should do a good job in reducing the consumption of raw materials and energy resources and achieve remarkable results in this regard. In the course of economizing on energy resources, we should vigorously exploit more resources.

8) We should further clear the circulation channel, make good arrangements for market supply, and maintain a basic stability in market prices. We should further clean the circulation channel, make good arrangements for market supply, and maintain a basic stability in market prices. We should give full play to the dominant role of state-run commercial departments and, at the same time, to the supplementary role of other commercial departments. Energetic efforts should be made to develop various forms of economic integration, such as integrating industrial departments with commercial departments, integrating agricultural departments with industrial and commercial departments, and integrating livestock departments with industrial and commercial departments. The state-run wholesale commercial departments should actively purchase and market commodities so as to accelerate commodity circulation. We should develop new markets and, in particular, sell manufactured goods to rural and remote border areas.

9) We should attend to intellectual development, develop educational undertakings, and step up the training of competent persons. The educational structure should be further readjusted, and teaching quality should be improved. On the premise of improving teaching quality, the higher learning institutions should tap their potential and run schools through many forms. The restructuring of secondary education should be strengthened, and secondary vocational education and professional and technical education should also be vigorously developed. Great efforts should be made to develop such adult higher education as the radio and television university, the correspondence university, the workers' university, and the college for managerial cadres. At the same time, we should pay attention to training workers and staff members. This year the investment in capital construction for intellectual development will increase by 74.8 percent over the figure planned at the beginning of last year. The educational investment proportion of the total investment in local capital construction will raise from 10.4 percent in the past year to 14 percent. This year, more funds will be earmarked for developing educational undertakings.

The funds for developing educational undertakings will increase by 11.98 percent over the 1983 budget. Continued efforts should be made to strengthen the family planning work, and the birthrate should be controlled under 21.5 per thousand.

10) We should control the increase of consumption funds and step up the management of laborers' wages. We should institute the planned management of wage funds in accordance with the state-assigned quota for the total volume of wages. The increase in the number of workers and staff members at state enterprises should be controlled further. This year, some 65,000 people will be given jobs through various channels.

11) We should continually attend to the restructuring of the economic system. Centering on enlivening the economy, we should raise economic results, mobilize the enthusiasm of enterprises and workers, and carry out experiments for economic reforms in various fields. We should further popularize the policy of shifting from the profit-delivery system to one of taxation, popularize various forms of the enterprise contract system, carry out experiments for reforming the wage system and the labor system, accelerate the pace of turning some administrative duties over to enterprises, and restore the real collective ownership among major collective enterprises on an experimental basis.

The task facing us is glorious and arduous. So long as we conscientiously implement the various policies and principles of the CPC Central Committee, and through the concerted efforts of the people across the municipality, we will certainly create a new situation in Tianjin's socialist modernization, fulfill or overfulfill the 1984 plan for the municipal economic and social development, push forward Tianjin's economic construction, and make new contributions to the state.

CSO: 4006/567

PROVINCIAL AFFAIRS

NEWSPAPER ON SHAANXI GOVERNMENT REPORT

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[Speech by Shaanxi Governor Li Qingwei [2621 1987 0251]: "Report on Work of Shaanxi Provincial People's Government, Submitted on 3 May 1984 at the Second Session of the Sixth Shaanxi Provincial People's Congress"]

[Text] Representatives:

Please permit me today, on behalf of the Shaanxi Provincial People's Government, to report to the congress on the economic developments of 1983 and the tasks ahead for 1984.

I. Economic Trends in 1983

During the past year, and under the leadership of the Central Committee of the Shaanxi Provincial CPC, the spirit of the 12th Party Congress has been earnestly implemented by all levels of the people's government and by all people of the province, so that all the tasks outlined at the 1st session of the 6th Shaanxi Provincial People's Congress might be achieved. There was a unified struggle, hard work, progress, and encouraging success were achieved in all battlefronts. Overall, trends have been very satisfactory. Here I would like to concentrate on a report concerning economic work.

Over the last few years, our province has earnestly implemented the principles of readjustment, restructuring, reorganization, and upgrading in terms of the national economy. Agricultural and industrial production have both gradually increased, while the economic situation has improved year by year. In 1983, economic work took yet another major stride forward and in some areas there were startling developments. Despite a year of natural disasters, agriculture saw rich harvests and for the first time since 1976 balance was achieved in terms of grain food buying and selling within the province, providing more than enough to be self-sufficient. Industrial production achieved a growth in both result and speed. After the several years of decreases in financial revenue, up until 1982, major increases were seen in 1983. Targets set 2 years ago for the state's Sixth 5-Year Plan for an annual 4 percent increase in industrial and agricultural output value were reached.

1. Agricultural production overcame several serious natural disasters and continued to prosper. Last year, there was a major change in agricultural production in our province. This was mainly manifested in the attainment of four new levels.

First, overall grain output reached a new level in history. Statistics from all levels indicate a total grain production of some 19.3 billion jin, an increase in grain production during this year of disasters of some 800 million jin in comparison to 1982, which was a bumper year for agriculture. Because of the bumper grain harvests, it was pleasing to see granaries full and rations and surpluses large, something which has been infrequent over the last few years. In addition, the aspirations of the people of the province were fulfilled with a balance in buying and selling of grain, and an excess of attainment of self-sufficiency. During the grain year of 1983, grain purchases by the state totaled 3.29 billion jin throughout the province, 1.08 billion jin more than the contracts for state purchases drawn up for the province. Since the implementation of the policy of state requisition of grain, this year resulted in the largest amount of grain in provincial granaries. In addition, there were also negotiated purchases of some 350 million jin of grain. Total sales of grain for the whole year amounted to 2.959 billion jin. Surpluses after sales amounted to 332 million jin. The end of the year per capita grain surplus for peasants throughout the province was 529 jin, a net increase of 104 jin over the preceding year. Today, peasants in some areas are still saying that "it is hard to sell grain." Because storage facilities are very insufficient, up to 400 million jin of already purchased grain is stored outside. Judging the situation from all aspects, total grain production in 1983 was in fact no less than 20 billion jin.

Second, total agricultural output value has reached a new level in history. Despite reduced cotton production in 1983 as a result of natural disasters, total agricultural output value still increased slightly over the preceding year and reached 6.308 billion yuan, setting a record. In addition to increases in grain production, this was mainly due to fast development among rural and urban enterprises and diversified management. Total revenue for urban and rural enterprises in 1983 amounted to more than 1.3 billion yuan, an increase of 12.7 percent over the previous year, and twice that in 1978.

[HK281409] Third, new developments in rural commodity production. The rural cooperative economy, comprising an integration of the labor force, technology, and funds, has developed quickly. Various specialized economic integrated bodies have sprung up, like young shoots after a spring rain. There has been a move toward rationalization of the structure of the rural economy and there has been all-round development of agriculture, forestry, fishing, agricultural by-products industries, and animal husbandry. The number of specialized households in the province last year totaled more than 550,000, making up 10 percent of all peasant households. In general, their product commodity rate is more than twice as high as other peasant households, and they have now become the frontline and backbone of rural commodity production. In addition, various specialized villages and specialized brigades have also appeared, and they have created a commodity base for such characteristically regional products as mountain sheep, fruit products, Chinese herbal medicine materials, tea

leaves, and silkworms. In Gan County, which has developed very quickly, specialized households now represent 27 percent of all peasant households. There are 121 specialized villages of various kinds, making up 14 percent of all villages. The unitary form of management which existed for many years as a result of "leftist" influences has now begun to change and commodity production is now developing a great deal.

Fourth, the largest recorded number of trees were planted during 1983. Motivated by Comrade Hu Yaobang's call for planting trees and grass and opening up the north and west, there have been fast developments in tree and grass planting in our province. In all, 6.84 million mu of trees were planted during the year. This is the most in any one year so far. Grass planting covered an area of 1.43 million mu, an increase of 7.8 percent over the previous year. Peasant households contracted to harness river valleys throughout the province throughout the province totaled more than 165,000 and the amount of land involved covered more than 5 million mu.

All of this illustrates that agriculture in our province is in the process of changing from a self-sufficient and semiself-sufficient economy to fairly large-scale commodity production. It is also in the process of developing from traditional agriculture to modern agriculture and prosperous prospects are emerging for the development of agricultural productive forces.

The reason why our province was able to achieve such successes during 1983 was because of the power of the party's rural economic policies and the glorious victories of the masses of cadres and the masses of the people in fighting natural disasters and struggling together.

We have earnestly implemented 1983 central document No 1 to insure deeper and more penetrating developments in reforms to the rural economic system. The contract responsibility system with payment linked to output and with household management as its mainstay has seen further stability and improvement. Various diversified forms of responsibility systems have also been introduced in forestry, fishing, agricultural sideline industries, animal husbandry, and enterprises handling agricultural machinery, water irrigation, and production brigades. Today more than 70 percent of the province's production brigades and collective forestry centers have set up forestry responsibility systems. In 70 percent of the small-scale irrigation projects, contract management responsibility systems have been implemented, while in 96 percent of all production brigade enterprises, management contract responsibility systems have been implemented. This has greatly mobilized the peasants' enthusiasm to become rich, to develop commodity production, and to make the rural economy prosper.

At the end of July 1983, the important Shaanxi town of Ankang suffered serious flooding which it could not resist or prevent. There was serious flooding and waterlogging in Ankang, Shangluo, and other nearby areas, while the Yulin region also suffered from serious drought. Throughout the province, more than 21 million mu of agricultural cropland was destroyed, while more than 9.1 million people were affected by the disasters. After the onslaught of disasters

the people of the province waged a heroic struggle with the effective support of the PLA and the close concern of the party central authorities and the State Council. [HK281411] At the most serious moment of the worst flood, Ankang took timely measures to evacuate the people in the region. This greatly reduced the destruction wrought by the flood. Emergency handling of the flood and disaster relief was very successful and produced a number of moving events and heroic characters, all of whom were commended and praised by the party, the government, and the people. Appropriate arrangements were made for flood victims and industrial and agricultural production was restored very quickly, along with communications, electrical supplies, commerce, transportation, education and hospital services. The Ankang region, seriously affected by the flood, set new records last year in grain production. The industrial enterprises and commercial networks in the Ankang urban areas have now mostly resumed production and business. The people of the flood area have peace of mind, production is normal, and social order is good.

2. Focusing on improving economic results, industrial production has achieved a simultaneous growth in results and speed.

The characteristics of industrial production during 1983 were relatively fast growth and good economic results. Gross industrial production value for the entire province stood at 12.945 billion yuan, a 14.1 percent increase over the preceding year. Production of major products reached state plan quotas. Because of readjustments over the last few years to serve the direction and expansion of services spheres, heavy industrial production was very successful. As key state construction development and technological reform work speeded up, and the demand for agricultural means of production increased, heavy industrial production saw a large increase after several years of decrease, and in 1983 it increased by 21.7 percent over the previous year. Since the readjustments, light industrial production has increased every year. Last year, with fierce market competition, it still showed a 6.8 percent increase over 1982. There have been clear improvements in industrial economic results. Total production value of enterprises included in regional budgets increased by 11.2 percent over the previous year, actual profits increased by 20.5 percent, and revenue from product sales increased by 9.8 percent. Simultaneous growth was basically achieved. The turnover of fixed floating funds increased and comparable production costs decreased while overall labor productivity improved. All of this illustrates how industrial production in our province has begun to shift towards a healthy development path of both speed and increased economic results.

The organization of industrial production in 1983 mainly involved tackling five key measures.

First, coming to grips with a shift in guiding ideology. It was stressed that industrial production must make increased economic results the center of all work and that it was necessary to prevent and overcome an overemphasis of speed and an underemphasis on economic results, overemphasis of production and underemphasis of management and administration. The five questions of improved quality, decreased consumption, marketability, making up deficits and

increasing profits, and paying profits to the state were all tackled. On the basis of market changes, timely readjustments were made to the plans and all methods were tried to expand production of the 50 varieties of products in short supply. There was a move from simply coming to grips with production, as was the case in the past, to tackling both production and management together. Many enterprises actively and positively came to grips with market information, promoted goods, and offered services.

Second, enterprises consolidation. Last year, consolidation in 520 enterprises proved to be up to standard. Within consolidation work, the emphasis was on leadership groups and 60 percent of industrial enterprise leadership groups were readjusted. There were improvements in the age, knowledge, and specialization of the members of the leadership groups after these readjustments. As a result of consolidation work the quality of enterprises improved to varying extents and there were very evident changes in production.

[HK281413] Third, technological reforms. Last year, more than 572 million yuan of investments in regional technological reforms were completed throughout the province. As a result of technological reforms, product quality improved and the quality target improvement rate of 90 major industrial products reached 78 percent. More than 900 new products and new product varieties appeared. Some 378 products were selected as outstanding products and 287 products were chosen to take part in a national promotion of new products, taking seventh position in the whole country in terms of quantity. Sixteen products won national gold awards and silver awards, taking ninth place nationwide. Thus, 1983 saw the most awards ever for our province's products.

Fourth, key projects and businesses. Last year the emphasis was on coming to grips with 40 major enterprises and 38 losing concerns which had a decisive influence on the province's industrial production and results. Good results were seen. Some 34 enterprises of the 40 major enterprises within their budget turned over 278 million yuan in profit to the state, making up 81.5 percent of all profits from industrial enterprises included in provincial budgets. The losses of 38 losing concerns were reduced from 92.81 million yuan during 1982 to 37.32 million yuan, a reduction of some 60 percent. Nineteen concerns changed from suffering losses to making profits while the losses of all the other enterprises were reduced.

Fifth, the work of production coordination. There were obvious solutions to problems in rail transportation and insufficient amounts of raw materials. In view of the insufficient rail transportation, guarantees were first made for the transportation of key goods and materials, while at the same time road transportation was also organized to reduce transportation conflicts by making use of potential in the province, organizing increased production, coordination with areas outside the province, and imports guarantees were basically assured for requirements in industrial production and capital construction of such major materials in short supply as steel material, pig iron, timber, and caustic soda.

3. Control was achieved in the scale of capital construction and key construction developed and speeded up.

By steadfastly implementing the spirit of the central authorities work conference held last June, strict control was gained over the scale of capital construction and capital construction projects were all thoroughly sorted out. In all, 131 construction projects were halted, curbing investments of more than 34 million yuan. Investments in completed capital construction projects throughout the province totaled 1.652 billion yuan, of which investments in regional projects amounted to 454 million yuan. The targets for capital construction controls issued by the state for our province were not broken. According to the "urgent notice" issued by the State Council and the Central Disciplinary Inspection Commission, various charges collected for capital construction were all thoroughly sorted out and 28 unreasonable charges were stopped or annulled. This basically solved the negative tendency of a chaotic collection of charges.

At the same time as controlling the scale of capital construction, readjustments were made to the direction of investments. Investments in production-type construction was increased so as to strengthen the two weak links of energy and communications, while forces were amassed to carry out key construction work. Investments in energy construction during 1983 increased by 20.3 percent over the previous year, while investments in communications, shipping, and telecommunications construction increased by 17.5 percent. Fifty-six key construction projects were tackled throughout the province. A project responsibility system was implemented while priority guarantees were provided in such areas as funds, goods, and materials, project implementation, and so on, and this increased the speed of progress in construction. In the case of the majority of products, annual plans were fulfilled or exceeded. Sixteen projects have now either completely or partially gone into operation. Major new production capacity as a result of capital construction and technological reforms in the province includes: 200,000 kilowatts of electrical installed capacity, 635,000 tons of coal exploitation capacity, 375,000 standard cases of glass, 100,600 tons of beer, and so on. The year 1983 proved to be the best of recent years in terms of completing annual key construction plans.

[HK281415] Construction time was reduced, investment results were increased. The rate of operation implementation for regional capital construction projects increased from 41.3 percent in 1982 to 43.3 percent. Construction time for the bridge of Hanzhong Gushan was estimated at 18 months, and in fact it only took 11 months, saving several tens of thousands of yuan in investment. The moving and expansion project for the Mei County glass factory was basically completed last year. Compared to similar projects, construction time was only one-half the average time required.

4. After a change in the downward trend in financial revenue, large-scale increases began.

In 1983, financial revenue for the entire province totaled 1,442,250,000 yuan, 110.86 million yuan more than budget expectations and an increase in revenue over the preceding year of 86.68 million yuan or a 6.3 percent increase.

This has not been seen in recent years and is a pleasing step in the efforts to improve the financial situation in our province. With the development of production construction and various undertakings, financial revenue has also increased considerably. In comparison to 1982, expenditure increased 147.5 million yuan. This was mainly because of increased loans for key construction projects in energy and communications and costs in science and various hygiene projects. Because of the serious natural disasters experienced in Ankang District, as well as wage adjustments, and activities to combat crime, there were increases in expenditure in these various areas. On the basis of the present financial system and the special state allocations for certain projects, the province achieved a balance between expenditure and revenue, with a small surplus.

Last year we took increased financial revenue as an important key point to come to grips with in order to change the passive nature of the provincial financial situation and various measures were implemented to increase revenue and cut down on expenditure. First, production and revenue were handled together at the same time as implementing production plans, financial revenue tasks were also implemented, with monthly balances and no allowances for falling behind in payments. Second, we came to grips with making up deficits and increasing profits and gradually plans were drawn up to insure improvements in losing businesses, while responsibility was also defined. The number of losing industrial enterprises included in the provincial budget was reduced from 335 in 1982 to 169. This meant reduced losses of 66 million yuan, or 52.8 percent, and thus state tasks for changing losing businesses were exceeded. Third, taxation management was improved and strengthened, and the number of official and temporary taxation personnel was increased to 1,027 people. In comparison to the previous year's budget, there was an increase in commercial taxation of 55.36 million yuan. There were also increases in tax revenue from such decentralized sources as country fair trade and individual businesses. Fourth, strict financial discipline was implemented and financial taxation checks were increased, and in all a total of 23.97 million yuan in funds were investigated in violation of state taxation discipline, and 17.54 million yuan has now been recovered.

5. A new prosperity emerging in urban and rural markets.

Last year, total commodity retail sales in the province amounted to 6.46 billion yuan, an increase of 9.4 percent over the preceding year. Of these increases, increases in local consumer products made up 7.6 percent and agricultural means of production made up 15.1 percent. Market sources were plentiful and consumers were looking for quality and new things and there was a wide selection to choose from.

There was new development in collective and individual commerce. The number of rural and urban collective commercial and catering networks increased to more than 27,500 throughout the province, and retail sales amounted to 980 million yuan, an increase of 34 percent over the preceding year. Last year there were more than 104,000 individual businesses, 1.8 times more than in the previous year. Retail sales reached 290 million yuan, a 2.3-fold increase. Calculations on the basis of the provincial population per capita business

network show that 1957 levels have already been exceeded. There are now 1,224 urban and rural trade markets. Collective trade volume reached 1.045 billion yuan, equivalent to 16.2 percent of total retail sales of social commodities.

[HK281417] There were further readjustments to policies relating to the buying and selling of agricultural by-products while the second category of agricultural by-products mainly managed by the commercial, grain, and foreign trade departments were reduced in number of varieties from 40 to 18. First and second category products could be sold in various ways after state requisition for purchase tasks were completed. The peasants had greater powers in handling the products. A new system of division of labor according to commodities and the opening up of rural and urban areas was implemented in industrial commodity circulation. This brought initial improvements to the isolation between town and country. State-run commerce approved 37 wholesale organizations for rural industrial products and 98 shops under unified management were set up. In the case of industrial goods needed in both the urban and rural areas, priority of supplies was given to the countryside.

Last year, foreign trade purchases for the entire province totaled 496 million yuan. Direct exports totaled 103 million yuan, an increase of 10.6 percent over the previous year. Foreign trade helped stimulate production and enliven the economy.

6. New results in scientific research and popularization work.

We have seen an earnest implementation of the principle of insuring that science and technology adapt to economic construction and that economic construction relies on science and technology, and there has been an increased strengthening of scientific and technological work. Cadres at all levels, and in particular leadership cadres, have improved their understanding of the important position and role that science and technology represent in the four modernizations and they have also done a great deal of work in implementing the party's policies relating to intellectuals. With the integration of organizational reforms and enterprise consolidation a large number of cadres with specialized technological knowledge have entered leadership groups at all levels. Among all provincial, county and local leaders, 56.3 percent have education standards of university or secondary specialist standard or above. Of the newly promoted factory leader cadres in 62 large- and medium-scale provincial enterprises, 80 percent have university or secondary specialist educational standards. The provincial party committee and the provincial government have solved the problems of treatment and living conditions for technological personnel and some secondary and primary school teachers in border and mountainous regions. This further mobilized the enthusiasm of the masses of intellectuals. Last year, the province achieved a total of 336 scientific results, 19 of which came up to international standards and 5 of which occupied leading positions in the country. Thirty-three of these scientific results filled in previous domestic gap. With a view to the key problems in our province's economic work, scientific workers were actively organized to work on 20 projects of important economic value, and thus a united offensive was launched. There was new progress in the popularization and

application of scientific results. Throughout the province, more than 5,600 agricultural technicians participated in technological contracts and these contracts covered an area of some 4 million mu. All of this brought obvious economic results.

We have begun to pay attention to the work of technological importation. By 1983, our province had accumulated 128 projects involving the importation of overseas advanced technology and equipment, making use of foreign investments with a value of \$215 million. Relations of economic and technological cooperation were set up with the country's 27 provinces, cities, autonomous regions, and departments, and last year 168 coordination agreements were signed, drawing into the province more than 40 million yuan in outside funds. Exchange involved up to 40 different kinds of goods and materials, while there were also more than 190 projects involving mutual transferral of scientific and technological results. All of this has promoted technological progress and economic development in our province.

[HK281419] 7. The lives of the people in urban and rural areas have continued to improve.

Last year, the urban areas organized employment for 500,000 people. Enterprises readjusted workers' wages during the year, working household per capita living costs revenue reached 453 yuan, an increase of 32 yuan over the previous year. Peasant household per capita net income reached 236 yuan, an increase of 18 yuan over the previous year. The purchasing power of people in the urban and rural areas increased and levels of consumption also rose. By the end of 1983, urban and rural neighborhood savings deposits had reached 2.54 billion yuan, an increase of 490 million over the previous year and an annual per capita average of 87 yuan. Last year, collective and individual housing construction in urban areas covered a total of 3.58 million square meters, and, on the basis of existing standard of living, this was enough to solve accommodation problems for more than 500,000 people. Newly constructed rural accommodation totaled 25.4 million square meters. Thus there was some let-up in the accommodation shortage.

8. New progress in all reforms.

Last year, we firmly upheld and implemented relevant reform policies as issued by the central authorities, and system reforms were carried out actively and step-by-step. First, as from 1 July of last year there was an overall implementation of the substitution of tax for profits among the province's 2,400 state-run industrial enterprises. This stimulated the enterprises to improve management and administration and increase production and income. It also guaranteed stable growth for financial revenue on the basis of production development. Second, on the basis of pilot schemes, reforms were carried out to the systems in 1,802 rural supply and marketing cooperatives, making up 98 percent of their total numbers. This began with an increase in the mass nature of their organization, improvements in the democratic nature of their management, and increased vitality in their administration. Third, the counties under the jurisdiction of Xian City and Tongchuan City were expanded, Xianyang District became Xianyang City, and Hancheng and Weinan became county level

towns. This helped integration between the rural and urban areas and the gradual development of the various kinds of economic zones dependent on towns and cities. Fourth, in 526 communes pilot schemes were carried out involving the division of government administration and commune management and the establishment of rural governmental rights and powers. As far as the organization and system were concerned, this helped to begin to solve the problem of the division of government and enterprises, and it also helped promote rural economic development. Fifth, provincial, regional, and county organizational reforms were basically completed and there were further improvements to work efficiently and the revolutionary, youthful, knowledgeable, and expert aspects of the leadership groups.

A great deal of effective work was done in such areas as education, culture, hygiene, cultural relics, family planning, physical education, publishing, radio, television, tourism, public security, foreign affairs, the law, civil administration, the people's militia, affairs concerning residents living abroad, nationalities, religion, and so on. Great achievements were made in this work. This was effective in promoting the construction of a socialist spiritual civilization and a socialist material civilization.

Representatives, the successes of the above various areas of work illustrates how the people of our province are now moving forward along the road of opening up a new situation in socialist modernized construction. The achievement of these successes is the result of earnest implementation of the party's lines, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee and it is also the result of hard work and struggle on the part of all the people of our province. We must positively confirm the successes already achieved, for they are the foundation for our victorious progress. However, when we carry out an arduous investigation, using the spirit of party rectification, we see that there are still many gaps and problems in our economic work. "Leftist" influences in economic work have still not been fully eradicated. The spirit of probing and innovation in liberating thinking and boldly reforming is still insufficient, and we have not sufficiently implemented the principle of enlivening the domestic front and the open-door policy. [HK281421] Although industrial economic results have improved, many economic and technological targets have still not yet achieved the standard of the national average. County industry and rural and urban enterprise foundations are weak and are developing too slowly. Technological advances are not fast enough and we have too narrow a view and are not bold enough in importing foreign investment and foreign technology. There have still been no real improvements in financial difficulties and expedient financial resources are still insufficient and the tasks involved in making up deficits and increasing profits are still as difficult as before. Channels of circulation are not lively enough and they do not meet the requirements for the speedy development of urban and rural commodity economics. Rail shipping is insufficient and this to a certain extent has limited the economic development of our province. Work in government bodies still shows signs of bureaucratic work styles and there is insufficient research among the grassroots while general work achievement efficiency is not high. We must develop our achievements and earnestly solve the problems and difficulties facing us so that new great strides are taken in our economic work.

II. The Tasks for 1984

This year is a key year in the completion of the Sixth 5-Year Plan and it is the 35th anniversary of the founding of our country and also the first year of all-round party rectification. In order to insure that gross industrial and agricultural annual production value quadruples by the end of this century we must inspire our spirits and develop Shaanxi. We must insure that economic construction remains the central task and that party rectification is the motive force and we must liberate our thinking, relax our policies, reform with courage, enliven the economy, and continue to open up a new situation in economic work in our province. The major aims of our struggle in economic work for this year are: A 4-percent increase in gross agricultural output value while striving to make grain output break through the 20 billion jin mark; a 5-percent increase in gross industrial output value while striving for 7 percent; a 4.8-percent increase in gross agricultural and industrial output value while striving to break through 20 billion [as published]; a 5.4-percent increase in per capita national revenue while striving to insure that financial revenues reach 1.6 billion yuan.

1. Steadfastly implement the party document No 1 and come to grips with developing rural commodity production.

All levels of government must earnestly study and implement the central authorities' document No 1 of this year and continue to stabilize and perfect the contract responsibility system centered around household management, further improve the level of the productive forces, smooth out circulation channels, and develop commodity production, so that the rural areas may prosper as quickly as possible and so that the peasants may get rich as quickly as possible.

We must first and foremost make great efforts to develop the various kinds of specialized households. The specialized households are the leaders in working hard to get rich and they are also the leaders of rural commodity production, as well as being the leaders in applying science and technology and the representatives of the productive forces in the countryside. We must begin by supporting the specialized households and making great efforts to develop commodity production for together this represents another important party policy after the implementation of the production responsibility system. Correct handling and treatment of the peasants manifests itself first and foremost in correct handling of the specialized households which are getting rich. We must enthusiastically support the specialized households and protect their legal rights and interests and guide them towards healthy development. All villages and production brigades should develop specialized households and in doing so develop various kinds of integrated bodies and many specialized villages. Only in this way can there be breakthroughs for rural commodity production.

One very urgent task in developing rural commodity production is to improve various social services before, during, and after production. All relevant departments and work units must match the new trends in rural commodity production development by reforming regulations and systems, management styles,

and service methods, thereby seeking all possible ways of satisfying the peasants demands for technology, funds, supplies and marketing, transportation, storage, processing, market information, and management guidance.

[HK281423] We must continue to change unitary management ideas, readjust the internal structure of agriculture, and strive for the overall development of agriculture, forestry, animal husbandry, agricultural sideline industries, and fishing, and the composite management of industry, agriculture and commerce. Grain production represents the basis of agricultural commodity production and we must stabilize land areas and attack per unit yield, increase gross production, and improve the commodity rate. We must attend to construction in the plains and the southern Shaanxi basin and we must insure good irrigation work is done so that these areas become the commodity production base for composite development. At the same time we must promote experiments in drought agriculture and we must build the Weibei dry plains into a grain base and a base for diversified management. We should readjust the land use for cotton planting to 3 million mu and we must make full use of land which is best suited for cotton, improve scientific management, and work hard to improve per unit yield. We must increase the area for tobacco from last year's 200,000 mu to 350,000 mu and, most importantly, to improve the quality of the tobacco. We must continue to come to grips with the production of oils, vegetables, and pork. We must pay attention to the development and utilization of the hilly areas in southern Shaanxi, improving development of mountainous areas and coming to grips with diversified management. We must make use of barren land, grass slopes, mountainous areas, and so on, and greatly develop such specialized wood-related products as silk mulberry, tung trees, raw lacquer, tea leaves, herbal medicines, dried fruits, and so on, as well as grass-eating livestock and poultry and freshwater fish. We must actively develop diversified management commodity bases of various scales and improve management and economic efficiency. We must continue to come to grips with the construction of roads in mountain areas. All regions with waterpower resources must concentrate on developing small-scale hydroelectric power stations. We must insure further relaxation of forestry policies. We must encourage the peasants to undertake contract work in barren mountain and desert areas, planting trees and grass and insuring that whoever plants something may own it for many years to come, and may then pass it down to the next generation. In the northern areas of Shaanxi we must insure that we complete annual targets of planting 2 million mu of trees and grass, and in doing so gradually build up forestry and livestock bases. Planting trees and grass, tilling the land and capital construction and harnessing small river valleys must all be done according to unified planning and must be continued for long periods of time with emphasis on results.

There are very great meteorological differences between northern, central, and southern Shaanxi, and crop weather is not good every year throughout the entire province. Thus, agricultural production must base itself on protection against natural disasters and striving for bumper harvests. In order to improve our ability to resist drought conditions we must pay attention to dealing with water conservancy and irrigation management as well as completing projects under construction and conveyance systems. According to meteorological reports, there will be considerable amounts of rain during the rest of

this year and we must be sure to guard against carelessness and the tendency to leave things to luck and thus we must organize all preparatory flood prevention work. We must place the emphasis of our flood prevention work on towns and cities close to or on rivers. We must remain alert and vigilant against flash torrential rains in some areas and the simultaneous occurrence of river flood peaks. We must organize all kinds of emergency measures flood prevention and a relevant command system and implement a system of leadership responsibility at every level. We must insure that reservoir dams do not collapse and that towns and cities on rivers are safe and that communications are good and in this way reduce by the greatest possible extent the damage and destruction wrought by these natural disasters.

[HK281425] 2. Strive for simultaneous growth in production, tax profits, and financial revenue while making increased economic results central.

Enterprises are the direct organizers of the productive forces and they represent some of the cells making up the national economy while also being the foundation for promoting simultaneous growth in production, tax profits, and financial revenue. As a consequence we must continue to come to grips with enterprise consolidation. This year 70 percent of the province's state-run enterprises must come up to consolidation standards while all state-run industrial enterprises at the county level or above must come up to consolidation standards. More than 60 percent of commercial, grain, agricultural, and forestry enterprises must come up to standard. Building and construction enterprises must be one of the focuses of consolidation work this year and we must make further efforts to correct management ideas and work style. The key to enterprise consolidation lies in coming to grips with consolidation of the leadership groups, in accordance with the demands of the four modernizations and thus we must make a determined selection of people who are in their prime, are devoted to the revolutionary cause, have expert knowledge, and have a pioneering spirit. We must also pay attention to inspecting those leadership groups that have already been reorganized and those which cannot open up a new situation must be reorganized once again.

Every region, every department, and every enterprise must make improving economic results their major aim and there must be great efforts to improve product quality, increase product varieties, and reduce consumption of raw materials, working towards product marketability, reduction of losses and increases in profits, the completion of tax profit payments, and assurances of safe production. We must work hard to improve enterprise structure and product structure. We must improve the extent of processing and develop new areas. While strengthening the organization and coordination of production we must pay attention to solving such problems as communications and transportation and supplies of raw materials. While insuring that production is well organized we should pay further attention to enterprise management work, develop sales forces, increase investigations of market information, and improve contingency capacity.

We must make full use of the superiority of military industry, we must improve integration between military and civilian and greatly develop civilian products.

Civilian products already finalized in military industrial enterprises and also required on the market should be diversified to various regional enterprises for integrated production. We must support regional enterprises in their technological reforms and organize the transfer of 263 military industrial technological and scientific research results to civilian industries. We must organize planned and united offensives and develop a new batch of backbone civilian products. We must organize and encourage technological personnel in military industrial enterprises to carry out technological contracts in regional enterprises and to solve production and technological problems and provide technological services through a variety of different means.

Industrial production must look towards the rural areas and there must be great efforts made to produce the various means of production and daily consumer products required in the countryside, especially small-scale, multipurpose, cheap agricultural machinery and agricultural building materials. In order to reduce the damage done to grain and cotton by overcast and rainy weather, we must make great efforts to build cement sites and provide drying equipment for the peasants, especially the specialized households, so that the bountiful harvests may be transformed into products and play a role.

3. Greatly develop county-run industry and rural and small town enterprises.

Development of county-run industry and small town enterprises in our province is slow and there are too few small industries. Last year collective industrial output value in the province only represented 13.5 percent of gross industrial production value, far lower than the national average. This is a weak link in industrial development in our province and it is also an important factor in our financial problems. Hence leaders at all levels must thoroughly reform unitary management ideas and come to grips with both agriculture and industry especially collective industry in the rural and urban areas. This represents an important policy in promoting Shaanxi and making the people rich.

[HK281427] In developing county-run industry and small town enterprises it is important to implement the principle of suiting measures to local conditions. We should expand all possible roads and make full use of local natural resources, determining the main direction of our offensives and the key points to be handled. We must develop processing industries for agricultural by-products, food industries, fodder industries, building industries, building materials industries, transportation industries, and mining industries and we must pay special attention to the production of small products. Every region must start out from reality and on this basis draw up development plans. We must pay attention to a composite balance and rational allocation. We must first and foremost develop projects involving small investments, short cycles, fast results, and large accumulations. We must integrate the development of rural industry and small town construction and gradually build up specific economic centers in each region, along with service centers, scientific and technological centers, and cultural centers.

In developing county-run industry and small town enterprises we must relax policies even further and truly enliven the enterprises. We must change the system of delegation among leading cadres in urban and rural collective industries and introduce democratic elections. We must spread the use of the contract responsibility system in enterprise management while among enterprise cadres and workers we must promote the contract system. We should introduce a floating system for wages and bonuses. Raw materials required by collective industry and allocated centrally by the state are to be provided by the various levels of goods and materials departments and then handed out. A certain degree of price floating should be permitted when urban and rural collective industries purchase raw materials and sell products. Consideration should also be given to taxation and loans. When urban and rural collective industries take out loans for equipment, they should be allowed to repay the loans by means of profits arising out of the new loan projects. When small town enterprises have problems in paying taxes, the county may at its discretion examine the situation and perhaps make reductions. Starting from the month when they receive their first sales revenues, new enterprises may be exempt from industrial commercial tax for 1 year and from industrial commercial income tax for 2 years. Collective industrial enterprises in urban areas which are making profits must continue to implement the policy initiated in 1982, namely "for 3 years as from 1983, income tax and cooperation fund remittances are to be reduced by half on all enterprise increase."

All regions and departments must actively support urban and rural collective industry and the relevant offices of the provincial government must support rural industry. The same should be done in all areas. Both central and provincially run enterprises must take the lead and encourage small main enterprises and county-run industry and small town enterprises should all be given support and help in terms of technology, information, equipment, personnel, and so on.

During this year and next we must see great development in county-run industry and small town enterprises. We must see the number of counties and regions with an annual production value of 100 million yuan or more increase from the present 7 to 10 or more. Counties with 50 million yuan or more should increase from 12 to 20 or more and there should in addition be more counties and regions with an annual production value of 30 million or more.

4. We must work hard to import more and speed up technological progress.

At the moment there is a new surge in the technological revolution throughout the world and we must take on this new challenge and seize all useful opportunities, adopt decisive measures, and boldly import funds, technology, personnel, and equipment. We must import from abroad and also from the industrially developed seaboard regions of China.

We must relax management and introduce many different channels for such imports. It is not only the foreign trade and the foreign business departments which should work on imports, all departments should do so. It should not only be done at the provincial level, but also all cities, regions, large- and medium-sized enterprises should also do it. When deciding on import projects

we must pay attention to the advance nature of what is being imported and its suitability. When we import from the coastal regions, we must make full use of our province's superiority in terms of abundant energy and rich mining and other natural resources and we should welcome investments and joint ventures from other provinces and thereby learn advanced technological and management experiences. In addition to foreign currency retained specifically for imports, we should also make full use of foreign investments and foreign loans. In 1984 the state is organizing 37 projects involving the importing of technology for our province and it is planned that during this year \$20 million will be used. Within the province we should also make use of regional foreign currency, bank loans, and compensation trade to organize 32 import projects. [HK281428] In all, the total amount of foreign currency to be used amounts to \$14 million. Imports mainly consist of advanced equipment and technology in the fields of weaving and textiles, printing, leather, measuring instruments, color television sets and so on.

Microelectronic technology has now become an important symbol of the "new technological revolution." There is a very definite foundation for our province's electronics industry and we must speed up development research and batch production of microcomputers with a great sense of urgency, coming to grips with the development of "software" and technological imports and actively using and promoting the use of microprocessors in production control, tests, and management.

We must speed up technological reform in our province. We must draw up plans for technological reform according to different businesses and levels. We must concentrate on important areas, implement responsibility, shorten project completion dates, and get results as quickly as possible. This year the scale of technological reforms in our province will amount to 517 million yuan worth. Among the technological reform projects, 60 percent of the total funds are aimed at improving product quality and economizing on energy and raw materials. There are 39 major projects with which to come to grips, all having significance to the provincial economy and thus we must centralize funds, goods and materials, and technological forces and get the projects underway and completed as quickly as possible. We must develop mass technological innovation widely. We must constantly improve product quality and capacity, reduce consumption, and increase competitiveness. All enterprises must develop activities to promote quality and make their products famous brands. This year we must strive to trial manufacture more than 1,000 new products, of which 120 are outstanding products for the province.

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of the party's policies concerning intellectuals. We must make full use of the advantages that our province enjoys in terms of scientific and technological strength and we must boldly break down the confinements of the systems of ownership within departments and work units. We must organize the decentralized scientific and technological forces together, organize plans, and undertake united offensives. We must encourage and organize scientific research units and colleges and institutes to work in coordination with production units and to develop integrated bodies of teaching, research and production as well as carrying out the trial manufacture and development

of new technology, new technological processes and new products. We must speed up the propagation and application of scientific research results and thus insure that they are transferred as quickly as possible into the productive forces.

5. We must gather together our strength to carry out key construction.

An important question in increasing new production capacity and insuring that economic development maintains its "reserve strength" is the organization of a series of developmental projects. In 1984 the overall scale of plans for capital construction throughout the province totals 1.22 billion yuan, of which 472 million yuan is investment in regional capital construction.

We must gather together our strength to guarantee key construction. This year we must come to grips with the Ankang hydroelectric power station, the Baoji railway station, the Xinchuan cement factory expansion project, the third stage of the Zouling electric power station, the Donghan railway, the Wangcun coalmine, the Xian railway station, the Tongchuan aluminum plant, the Shaanxi glass factory, the Shitouhe reservoir, the Donglei Chouhuang project, the provincial sports stadium, and so on, in all 27 key projects. There must be preferential arrangements for such things as funds, land allocation, plant relocation materials, execution of projects, and so on so that guarantees for these projects can be made.

[HK281431] The state has stipulated that once the scale for capital construction this year has been formulated and announced it must be strictly controlled and may not be exceeded. We must continue to implement the system of senior cadre responsibility in all regions and departments. All funds raised and to be used for capital construction must be deposited in banks and any funds deposited after 1 July may not be used for that same year. We must steadfastly do things according to the rules and regulations of capital construction and all new projects must be well scrutinized. The quality of projects must be guaranteed, construction time must be shortened and project costs reduced. We must continue to clear up and sort out the charges and we must forbid any work units from making unauthorized charges for capital construction projects or inventing various pretexts to charge the construction units.

At the same time as guaranteeing this year's tasks for capital construction we must also come to grips with preconstruction preparatory work in such key construction areas as energy, communications, and heavy industry and we should strive to insure that these are entered into state planning as soon as possible.

6. We must work hard to increase revenue, save on expenditure, and exceed financial revenue targets.

Financial difficulties and insufficient funds are outstanding problems facing economic construction in our province. Striving for improvement in the financial situation represents a momentous task. Financial revenue for our province this year is budgeted at 1,530,270,000 yuan and we must work hard to get this up to 1.6 billion yuan.

By developing production and opening up financial resources, we must try to gradually reduce financial subsidies for counties and reduce overall subsidy figures. Subsidized counties must draw up plans for developing industrial production, increasing revenues, and reducing rather than eating up subsidies. Those counties which used to be subsidized and which have made enormous progress should be extolled and praised. In cases where plans cannot be achieved according to the specified dates, leadership responsibility and blame must be sought and accepted.

We must continue to come to grips with making up deficits and increasing profits. This holds not only for industrial enterprises, but also for such departments as commerce, trade, foodstuffs, and rural development. We must firmly eradicate management losses and greatly reduce policy losses. During this year, losses in industrial enterprises must be reduced 36 percent over last year, while in commerce the reduction must be 20 percent, and in foodstuffs it must be 13 percent. We must continue to implement deficit contracts, nonsubsidization of excess deficits, retention for reduced losses and so on in loss-making enterprises. In cases where management losses cannot be made up within a short space of time, the enterprise leaders should take the initiative to resign. In cases of policy losses there should be separate accounting for different product varieties and fixed subsidies for specific items, with no subsidies granted for excessive losses. We must review and reexamine the dividing line between management and policy losses and get rid of all factors which conceal management losses. At the same time as making up these deficits, we must also put a lot of work into increasing profits. We must encourage profit-making enterprises to exploit all their potential and improve their profit levels. We must reduce or eliminate loss-making products in profit-making enterprises and we must not allow profit-making enterprises to continue to contain loss-making items.

We must further improve taxation work. After the implementation of substituting taxes for profits, industrial commercial tax revenue throughout the province, in addition to state-run enterprises' income tax, made up around 90 percent of all financial revenue. Taxation is extremely important for balancing financial budgets. All state-run enterprises must steadfastly implement the state's policies and laws regarding taxes and must insure that they complete all taxation duties. There can be no excuses for reduced taxes without official ratification. We must increase the number of people working in the tax field and insure that tax levying is well done. As the rural economies develop and collective and individual economies increase in number, we must improve the work of collecting taxes from such scattered tax sources as country trade fairs and individual businessmen and households.

[HK281433] At the same time as increasing revenue we must practice strict economy and oppose waste. We must greatly reduce administrative costs and strictly control the purchasing power of social groups, forbidding binges and impetuous gift-giving. We must have strict financial discipline and increase financial surveillance and financial tax inspections should be carried out once every quarter and all loopholes, which increase expenditures and decrease revenues, should be blocked. We must pay attention to and improve auditing surveillance and we must come to grips with completing the task of organizing and setting up auditing bodies.

7. We must boldly probe and courageously reform.

Today both industrial production and areas of circulation are facing a serious challenge. This challenge is pressure and impetus and the answer is reform.

Urban economic reform is rather complex and involves planning, prices, wages, taxation, and so on, and it requires unified state planning and active and careful implementation. However, before the overall reforms to the economic system, we should not simply sit around waiting passively. The central authorities have already clearly pointed out the need to firmly reform. In case of irrationality, where reform would benefit overall there should be active pilot schemes and gradual implementation. In cases where there is a need for reform but where conditions are not yet ripe or understanding of the situation is not yet uniform, more investigative research should be done and active efforts should be made to create the necessary conditions for reform.

First, we should further expand enterprise autonomy. Enterprises have the right to select cadres within their own enterprises according to the principle of possession of both ability and political integrity. In the cases of industrial and financial enterprises below and including county group level, which have already undergone consolidation, the foreman and manager may be appointed by the relevant departments of the enterprises. Subordinates can be proposed by the foreman and manager and are appointed by the enterprise. The enterprise foreman and manager have the power to hire specialized cadres and they also have the power to fire workers who do not do their jobs on the basis of the workers' reward and penalty regulations and the definitions of work contracts. The enterprise foreman and manager have the power to select cadres from among the enterprise's workers, according to the enterprise's needs while those cadres who are not needed or who are unsuitable may be transferred back to the ranks of worker, without retaining cadre privileges. They should truly be able to move up or down doing either factory floor work or administrative work.

We must expand wage and bonus controls and implement a link between bonuses and tax profits with bonuses floating up or down according to tax profits. Bonuses which exceed $2\frac{1}{2}$ months average wages should be taxed. Enterprises may make use of bonus funds to organize various job position allowances as well as floating promotions and floating wages.

After the implementation of substituting tax for profits, and thereby settling the relationship between the state and enterprises, we must solve the question of the relationship between the enterprise and workers. Various kinds of contract responsibility systems should be implemented in enterprises so as to mobilize enthusiasm in all areas.

We should open up small-scale enterprises and implement "ownership by all the people, collective management, state tax levies, and individual responsibility for losses and profits." Such things as the style of management, wage distribution, product variety production, and so on should be determined by the enterprise itself.

Second, we must reform the system of commodity circulation between the rural and urban areas. We must insure that state-run, collective and individual concerns are all taken care of, that circulation channels are cleared, and that urban and rural markets are enlivened while insuring that the principle of maintaining "the planned economy as the main and market adjustments as auxiliary" is upheld. We must insure that all kinds of channels are used to enter the market. It is not only commerce, foodstuffs and supply and marketing departments which can enter the market. Collectives, commune brigades, individuals, and concerns under ownership by the whole people can also get involved in the market. We must permit peasants to come into towns to sell agricultural by-products and the cities and towns should provide the necessary space for this and thus make it convenient for peasants to do this. Towns in distant or mountainous regions which have no country fair trade should this year insure that such trade is established. We must develop the transportation and sale of goods from specialized households and promote commodity circulation. All regional towns should set up trade centers. If there are two commercial wholesale bodies in one place they must amalgamate. We must reduce the number of links in state-run commerce and improve efficiency. We must pay attention to making use of the role that market towns play as distribution centers for agricultural by-products and we must actively organize large-scale goods and materials circulation meetings. We must insure good commodity supplies in both rural and urban areas and insure market prosperity and stability. It is especially important that we organize fresh vegetable production and insure supplies of fresh vegetables to large- and medium-sized towns and cities and industrial and mining regions.

[HK281435] Third, there must be new breakthroughs in the reforms to supply and marketing cooperatives and we must insure that they develop into a form of collective cooperative commerce attractive to the peasants. We must break down the limitations on peasants in buying shares. We must break through the cadre management system and instead allow selection from among shareholders. We must break through the labor management system and take on new workers, mainly selecting from among peasant shareholders. We must break through the restrictions of management spheres and, with the exception of a small number of products which are specified by state policy, supply and marketing, cooperatives may directly manage all agricultural by-products and industrial products. We must break through existing service spheres and actively set up projects involving the various production services and day-to-day services vitally needed by the peasants and thus gradually create composite rural service centers. We must break through distributional egalitarianism and work towards true remuneration according to work.

Fourth, on the basis of further perfection of provincial, regional, and county organizational reforms, we must improve and strengthen the construction of grassroots political power. This year we must complete the work of dividing up government administration and commune management. At the same time as coming to grips with the construction of rural political power we should also construct a rural economic organization on one overall level and encourage the peasants to actively develop commodity production.

At the same time as carrying out our economic work we should also actively come to grips with and carry out reforms in such areas as education, culture, hygiene, family planning, public security, civil administration, tourism, and so on. During this year we must see new victories in these areas as well.

III. Truly Change Work Style and Improve Leadership in Economic Work

In order to insure the completion of the various tasks in economic work for 1984, we must implement the spirit of party rectification and firmly oppose irresponsible bureaucracy, earnestly improve work style and methods of leadership, and work toward a new spiritual attitude, new levels of leadership and new work styles, and the opening up of a new situation in economic work in our province.

We must unite our thinking onto the lines, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee and further eradicate "leftist" influences in economic work. We must emancipate our thinking, courageously reform, and be boldy innovative. The concrete work principles of all regions and all departments must be subordinate to and serve the overall tasks and targets of the party. We must eradicate regulations and methods which were drawn up in the past under "leftist" influences and anything which is contrary to today's policies, which does not help enliven the economy or the development of commodity production must be firmly changed. Cadres at all levels of leadership must concentrate their work on economic construction and economic work itself must be shifted so as to concentrate on improving economic results.

Comrades at all levels of leadership must assume responsibility for the entire spectrum of economic work, taking industry and agriculture together, production and circulation together, and economic construction and scientific education together. Comrades in charge should come to grips with long-term targets, strategic emphasis, key links, and major measures for their own region or department and they must grasp the initiative for this work. Every year we must undertake several important matters affecting the overall economy. At any one time we must come to grips with one major contradiction, solve one or two major problems, and make breakthroughs in key areas and thereby promote the overall situation. We must take responsibility for problems which we can foresee and we must make final decisions with boldness and not remain uncertain and indecisive, thereby affecting work adversely.

[HK281437] We must overcome with determination the so-called "mountains of documents and sea of meetings." We must encourage investigations and adopt effective measures to change the situation of excessive meetings, documents, social obligations. There must be strict controls on the documents of all departments in the provincial government and each department may only call one or two meetings a year to handle provincial affairs, while the length of these meetings must be strictly limited. Leading cadres in all party offices and bureaus of the provincial government must visit the grassroots at least once every 3 months and come to grips with the most prominent problems in his or her area and carry out investigative research, assessing classic experiences, and personally writing an investigative report. At present we

must pay special attention to assessing experiences in bold reforms and experiences in developing commodity production. In order to improve work efficiency in all levels of provincial government and find timely solutions to various problems, we must stress centralized and unified leadership and we must improve and strengthen organization and discipline. All departments of the provincial government must concern themselves with the overall picture and they must consider and discuss this and work toward insuring strict enforcement of orders and prohibitions. We must avoid and prevent departments or individuals from simply doing things in their own ways, and not implementing government policies, and other examples of decentralization. We must improve coordination between departments and avoid shifting responsibility when things go wrong and mutual bickering. In instances where work affects quite a number of different departments we must try and reduce the number of links and procedures as much as possible and encourage departments to handle things together and on-the-spot.

We must implement a strict system of responsibility and insure that all work is properly implemented. The key to this is implementing a system of leadership responsibility. The various key items of work which we must tackle this year require the setting up of various groups on a provincial, local, county, and urban basis. It is especially important that responsible cadres are nominated to insure that work involving the development of rural and urban industry, the speeding up of imports, and the development of diversified management are all properly implemented and carried out. Relevant departments should actively allocate and select personnel, defining duties and responsibilities so that everyone knows his or her duties and come to grips with the work for periods of between 3 to 5 years so that some definite results may be seen.

We must insure that party rectification and production are both successful and that neither one suffers any errors. Today is the first year of all-round party rectification and this represents a major new step that the party has taken in this new historic period so as to achieve new and greater victories. It also represents a basic guarantee for achieving even greater economic results. Adopting a serious and earnest attitude, we must insure that both party rectification work and economic work are well done and in doing so insure that party rectification promotes the economy and the economy tests party rectification. In party rectification we must set up two groups. One group must come to grips with party rectification and one must come to grips with economic work. We must insure that economic construction is the very center and there must be some rectification and some reform and that which is not rectified must be reformed and all problems which can be solved should be. We must guide the initiative, enthusiasm, and creativity of party members, the mass of cadres, and the masses toward production, enlivening circulation, and developing the economy so that there is a new improvement in our work, new breakthroughs in production, and clear improvements in economic results.

We must come to grips well with present production. Gross industrial production value for the first quarter of this year was 8.1 percent higher than for the same period last year and trends are looking good. We must organize

industrial production for the second quarter equally well and work toward the simultaneous growth of production, tax profits, and financial remittances. We must improve field management of summer crops, preparatory work for summer harvests, and seek by all possible means to increase the wheat and rape harvests.

Representatives, the people of the entire province desire to speed up the pace of economic construction in our province. Prosperous developmental trends demand that we develop Shaanxi vigorously and with a firm spirit. We are faced with glorious yet arduous tasks. We believe that under the leadership of the Shaanxi Provincial CPC Committee and by resolutely implementing the correct lines, policies, and principles of the party; the decisions of this congress; and by relying on the intimate unity and mutual hard work of the people of this province, we will without fail be able to open up a new situation in modernized socialist construction in our province and greet the 35th anniversary of the founding of new China with new and outstanding successes!

CSO: 4006/567

PROVINCIAL AFFAIRS

NINGXIA 1984 ECONOMIC, SOCIAL DEVELOPMENT PLAN

HK110325 Yinchuan NINGXIA RIBAO in Chinese 11 May 84 p 2

["Excerpts of the report on the draft plan of national economy and social development for 1984 delivered by Zhang Shengyuan, vice chairman of the Ningxia Regional Planning Committee at the second meeting of the Fifth Regional People's Congress on 25 April 1984"--passages within slantlines published in boldface]

[Text]

I

In 1983, under the guidance of the spirit of the CPC 12th National Congress, various localities and departments of our region continued to implement the principle of readjusting, restructuring, consolidating, and improving, new achievements were made in production and construction, and the economic situation was fine.

1. In agricultural production, a bumper harvest was reaped. Gross agricultural output value was 884 million yuan, an increase of 15.4 percent over 1982. Grain output was 2.9 billion jin, an increase of 2.3 percent over 1982 fulfilling the indexes stipulated in the Sixth 5-Year Plan 2 years ahead of schedule. Oil output was 82 million jin, up by 49.1 percent from 1982. Beetroot output was 29 million jin according to plan, which insured the sugar refineries' production needs. The gross output of pork, beef and mutton was 45.57 million jin, down by 1.7 percent against 1982. The total output of aquatic products was 1,060 tons, an increase of 91.2 percent. Afforested acreage was 620,000 mu of land, an increase of 95.9 percent; and grass was planted on an acreage of 370,000 mu of land, an increase of 60.9 percent. There was a comparatively great development in diversified management and commodity production in the rural areas; there were already over 80,000 specialized and key households in various classifications, accounting for 14.9 percent of the total number of agricultural households, a growth of 25 percent from the previous year.

2. Industrial production. Gross industrial output value fulfilled in 1983 was 1.612 billion yuan, an increase of 13.3 percent over 1982, and an increase of 5.7 percent over 1979, the record year in history, of which, output value of light industry was 466 million yuan, an increase of 10.4 percent over 1982; output of heavy industry was 1.146 billion yuan, an increase of 14.5 percent over 1982. Among 80 items of major products, 62 of them were

fulfilled or overfulfilled according to plan, such as raw coal, electricity, rolled steel, electrolytic aluminum, tires, cement, walking-tractors, laundry machines, cotton fabric, woolen blankets, paper, and cardboard paper, and 18 of them failed to fulfill the plan, such as crude oil, chemical fertilizers, and sulfuric acid. Among the production indexes of 73 items of products listed in the industrial production plan of the Sixth 5-Year Plan, those of 11 items such as washed coal, crude oil and synthetic detergent stipulated in the plan were fulfilled 2 years ahead of schedule or overfulfilled. There witnessed not only a comparatively rapid growth in gross industrial output value in the whole region last year, but a remarkable improvement in economic results. The chief expression was: The growth in income derived from sales and the profits and taxes delivered to the state exceeded the growth of gross output value. In 1983, gross output value of industrial enterprises of ownership by the whole people as independent accounting units rose by 12.4 percent from 1982, their incomes derived from sales and profits and taxes delivered to the state grew by 13.5 percent and 77.7 percent, respectively. Comparatively good achievements were made in the work of changing the situation of suffering from deficits in industrial enterprises. The number of units suffering from deficits went down to 34 from 67 in 1982, a decrease of 49.3 percent; the sum of deficits dropped to 22 million yuan from 34 million yuan in 1982, a decrease of 35 percent in deficits.

The volume of freight transportation fulfilled by communications departments was 1.87 million tons in 1983, in posts and telecommunications, transactions amounted to 8.28 million yuan. They insured the progress of various production and construction undertakings.

3. Investment in fixed assets. In 1983, investment in fixed assets in the whole region was 484.05 million yuan, an increase of 13.2 percent from 1982. Among these, investment on capital construction was 32.053 million yuan, an increase of 20.6 percent over 1982; investment on renovation was 163.52 million yuan, an increase of 6 percent over 1982. The pace was stepped up in construction of key projects such as Dawukou power plant, Pingluo sugar refinery, the polyester fiber plant, and the key project of Guhai pumping station and so on, and the construction quality was good. The extension project at Pingtong of Ruqigou mining area was completed and put into production on 1 November last year ahead of schedule. Among the projects of capital construction which provided new production capabilities or economic results last year were: An irrigated area of 185,000 mu of land (among which: the Guhai pumping station alone was irrigating 152,000 mu of land), a reservoir capacity which will hold 2.4 million cubic meters of water, 300,000 tons of raw coal, 110,000 tons of cement, a floorspace of 9,213 square meters of commercial networks, granaries with a capacity of 61.88 million jin, 506 hospital beds, a capacity of enrolling 860 students in institutes of higher education, residential houses with a floorspace of 407,000 square meters. Production capabilities or economic results achieved through increase of funds spent on renovation or transformation were: 2,600 tons of chemical fertilizers, 700 tons of plastics, 400 metal-cutting machine tools, 10,000 tons of cement, wool spinning with a capacity of 1,000 spindles, and 5,000 tons of beer.

[HK110327] 4. Commerce and foreign trade. Commodity purchases and sales were prosperous, and the market was brisk. The total value of commodities purchased by commercial departments reached 676 million yuan, an increase of 15.8 percent over 1982. The total value of retail sales was 1.59 billion yuan, a growth of 12.7 percent from 1982. There was a comparatively ample supply of consumption articles in both urban and rural markets and there was wider room for choice in making a purchase by the people.

Due to planned reduction of the procurement of exported commodities which would incur great losses, the annual gross foreign trade procurement was 46.67 million yuan, a reduction of 25.5 percent over last year. Direct local export amounted to 8.52 million yuan, an increase of 26 percent over 1982.

5. Finance and banking. On the basis of the heightening of the growth in production and economic results, local financial revenues of the whole region amounted to 168.45 million yuan, an increase of 20.6 percent over 1982. Financial expenditures were 694.81 million yuan, an increase of 21.7 percent over 1982.

Income derived from bank credit loans was 1.172 billion yuan, an increase of 23.2 percent over the previous year; outlay for credit loans was 1.045 billion yuan, up by 11.3 percent from the previous year. There was a 23.9 percent increase in money supply, chiefly for the purchase of agricultural and sideline produce, and individual cash withdrawals.

6. New achievements were made in various undertakings of science, education culture, public health, physical culture, broadcasting and publication. In 1983, good results were achieved in 56 items of research in science and technology. Among them, 70 percent have been applied to production and popularized; 11 items such as the operational technique in the experimental afforestation of 10,000 mu of land aiming at harnessing the land in the suburbs of Yancheng, the technique of monocrystallization of barium-sodium tithium, and the mold pressing and cold mending of low voltage rubber-sheathed wire for mining have been reported to the State Scientific and Technological Commission as important results of research in science and technology. The enrollment in institutes of higher education was 1,450, an increase of 479 students over the previous year. New development was made in the structural reform of intermediate education, students in vocational schools numbered 1,189, a growth of 58.8 percent over 1982. The natural growth rate of population went down by 4.3 per thousand from the previous year.

7. The people's living standard. The average annual per capita net income among the rural population of the whole region was 288 yuan in 1983, an increase of 59 yuan over the previous year, up by 25.8 percent. The actual average monthly income of workers and staff families in the urban area was 45.9 yuan, a 5.8 percent increase over 1982. Saving deposits of people in both urban and rural areas of the whole region totaled 443.98 million yuan, an increase of 36.2 percent over 1982.

The above mentioned facts have illustrated that the present situation of the national economy in our region is fine. All this is achieved under the correct leadership of the regional CPC committee and government, and the serious implementation of the correct principle of the CPC Central Committee on the part of all localities and developments, and it is the result of the joint efforts of the people of all nationalities in the whole region.

At present, the chief problems existing in the development of the national economy in our region are: The economic structure is not rational enough. Although there are certain improvements in the weak agricultural basis, it is still failing to meet the requirements of the development of the national economy and the improvement of the people's living standard. In recent years, farming and forestry have developed rather quickly, but animal husbandry has developed at a slow pace, and there has been a falling trend in the breeding of hogs and sheep. The level of the development in animal husbandry, side-line production and fishery is comparatively low. The industrial structure within industry itself is not rational enough. Some enterprises using local natural resources for deep processing have not been developed, the superiority of many natural resources have not been changed into economic superiority. Some industrial products are poor in quality and few in variety, production skills and technological levels are low, the products are weak in capability for competition. The economic results of production, construction and circulation are universally poor. We should seriously study the existing problems, do a good job in our work, and strive for further change for betterment of our financial and economic situation.

[HK110329]

II

In 1984, we should actively respond to Comrade Hu Yaobang's call, and be determined to do a good job in formulating plans for land in China, starting with improving the ecological environment, by planting grass and trees in a big way, so as to actively create conditions for industrial and agricultural production in catching up with the middle or above middle levels of the whole country by the end of the century. We should further implement the policy of readjusting, restructuring, consolidating, and improving, strictly control the scope of investment in fixed assets, control the growth of consumption funds in accordance with the principle of insuring the key projects, giving appropriate considerations to the ordinary, concentrating necessary efforts on making key production and key construction projects go up, so as to make production, construction and circulation grow steadily on the basis of raising economic results, and achieving new development in education, science, culture, public health and other undertakings.

According to the state plan transmitted to the region, and the region's actual conditions, the main indexes of the 1984 plan are arranged as follows:

/1. Agricultural Production/

The planned agricultural gross output value is 910 million yuan, a 2.9 percent increase over the 1983 bumper harvest. There is an appropriate leeway in the plan for grain crops output, the arrangement is 2.7 billion jin, which is 200

million jin less than that of 1983; oil bearing crops output is 75 million jin, a decrease of 7.3 million jin from 1983; beetroot 160,000 tons, an increase of 12,000 tons; tobacco 700,000 jin, an increase of 500,000 jin; acreage to be afforested is 720,000 mu, an increase of 100,000 mu; acreage to be planted with grass 750,000 mu, an increase of 380,000 mu; the total output of meat is 50 million jin, an increase of 4.5 million jin.

It is necessary to continue to stabilize and perfect the responsibility system with the system of contracted responsibilities on the household basis, with payment linked to output as the main, to dredge the channels of circulation, and to develop commodity production. We should continue to implement the principle of "always taking a firm grasp of grain production, while actively developing diversified management." It is necessary to maintain stability in the sown acreage of grain crops; with cash crops, it is necessary to suit measures to local conditions, and to raise the output of a single crop, while appropriate concentration should be practiced. Beetroot and tobacco should be planted according to plan. We should raise the quality of agricultural and sideline produce, and develop and support the specialized and key households in their production, helping them solve their practical problems in production, sales and so on. We should further change the conditions for agricultural production, transform the low-lying, saline-alkali soil north of Yinchuan, and raise the output of low yielding farmland. In mountain areas, it is necessary to popularize the experiences in increasing output of dry crops, and to take a firm grasp in the capital construction of farmland with improving the soil and water conservancy work as the core. We should make full use of the existing facilities in water conservancy work, and raise the output of the single crops on irrigated land. It is necessary to constantly deepen our understanding in the significance of planting grass and trees, planting grass, trees, and shrubs in a big way, so as to check soil erosion and to improve our ecological environment. We should actively spread the results in agricultural science and technology, spreading good breeds of farm crops by selection. In the supply of chemical fertilizer, insecticides, and means of production such as agricultural machines or tools, we should give active support to agriculture. Diversified forms should be taken to develop the fodder industry, so as to promote the development of animal husbandry.

/2. Industrial Production/

The plan for industrial gross output value is 1.71 billion yuan, a 6.1 percent growth compared with 1983. Among it: Output value of light industry is 505 million yuan, an 8.4 percent increase; output value of heavy industry is 1.205 billion yuan, a 5.1 percent increase. We should strive to overfulfill the quota.

Output of major industrial products: Raw coal is 9.6 million to 9.8 million tons, an increase of 0.2 percent over 1983, on the basis of the upper target; output of crude oil, 540,000 tons, a 14.3 percent increase over 1983; electricity 2.17 billion kilowatt-hours, an 0.4 percent increase over 1983; cement 430,000 tons, a 4.2 percent increase; chemical fertilizer 65,600 tons, a 12.3 percent increase; tires 270,000 sets, a 5.8 percent increase; walking-tractors 6,000, a 28.3 percent increase; cotton yarn 21,000 bales, a 6 percent

increase; cotton fabric 15 million meters, on the same level of 1983; woolen fabric 1.1 million meters, a 47.5 percent increase; knitting wool 1,500 tons, a 3.8 percent decrease from 1983; paper and cardboard 15,600 tons, an increase of 11.4 percent; sugar 13,000 tons, a 17.8 percent decrease; bicycles 30,000, a 200 percent increase; laundry machines 15,000, a 38.9 percent increase.

[HK110331] Gross volume of railway freight transportation will be 13.4 million tons, basically maintaining the level of 1983; volume of road freight transportation will be 5.19 million tons (of which, 1.45 million tons will be fulfilled by communications departments), a 24.1 percent decrease from 1983.

In industrial production in 1984, it is necessary to grasp firmly the saving of energy resources, and to lower the consumption of raw materials. We should work hard to do a good job in the production of coal and in linking it with railway transportation, striving for more output and more transportation. In order to bring into play the potentials of road transportation, to lighten the burden of railway transportation, it is necessary for trucks to take up the burden of short-distance transportation. In the production of light and textile industries, it is necessary to continue the implementation of the principle of the "six priorities." It is necessary for light and textile industries to readjust the structure of products, suiting them to the changes in social needs and people's consumption. Concerning those products which the state and the region are in short supply of, we should exert our efforts to increase their output according to the plan, and resolutely fulfill the task of delivering the products to the state and the region as stipulated; as to those products in ample supply, it is imperative to restrict their production according to plan. All enterprises should focus their efforts on lowering consumption, raising the quality of products, and improving economic results, and strive for the synchronous growth of the profits and taxes of the enterprises along with industrial production.

/3. Investment in Fixed Assets/

The general scope of investment in fixed assets which the state has arranged for our region in 1984 is 443.32 million yuan, of which investment in capital construction is 354.32 million yuan, a 10.5 percent increase over 1983; investment in renovation, 89 million yuan.

In capital construction, investment in projects under the direct jurisdiction of various departments at central level with funds directly provided by them totals 179.28 million yuan; investment on local projects includes: Local capital funds under unified planning total 52 million yuan; self-raised capital funds 70 million yuan; investment with subsidies provided by various departments and committees at central level totals 30.54 million yuan; bank loans, 22.5 million yuan.

There are nine large or medium-type projects which are listed in the national plan, among which are: Seven projects with funds directly provided by departments directly under the central government, namely, Dawukou power plant, Taixi coalwashing plant, the power transmission and transforming projects between Zhongning and Zhongwei, and between Yinchuan and Qingtong Gorge, the

No 3 pit of the Shizuishan mining area, the completion of the Pingtong project of Ruqigou mining area, the Ningxia chemical works (preparatory items), the Ningxia Yinchuan cement works (preparatory items); and two local projects, namely, the Guhai pumping station project and the Pingluo sugar refinery.

Investments in agricultural, forestry, water conservancy and animal husbandry departments with local capital funds under unified planning, total 12.5 million yuan, in industrial departments 9.76 million yuan, in transportation, and post and telecommunications departments 700,000 yuan, in departments of finance and trade 4 million yuan, in departments of science and technology, education, culture, and public health 14.53 million yuan, in municipal construction 3 million, and in other fields 7.31 million yuan.

Among the 70 million yuan of local self-raised funds, 34 million yuan is raised by the regional finance, 5 million yuan is derived from communications and energy resources, 3 million yuan from road maintenance fees, 3 million yuan from small-type farmland water conservancy fees, and 25 million yuan of self-raised funds by various prefectures, cities, counties and departments. The self-raised funds to be spent on capital construction in 1984 will all be deposited in the construction bank; those capital funds deposited in the bank after 1 July should not be spent in 1984, they should be spent in 1985.

Investment in renovation is 89 million yuan, which includes the arrangement for the first batch of 50 projects of the industrial and communications system to undergo technological transformation, with an investment of 58 million yuan, and 6.9 million yuan for city and county industrial subsidies and self-raised funds.

In order to raise the economic results of investment in fixed assets, special efforts should be made in doing a good job in the following aspects:

1. The strict control of the scope of investment in fixed assets. It is imperative to strictly implement without a breakthrough the scope of investment in the local capital construction and projects of renovation of our region which has been checked and ratified by the state. All units must organize construction according to the contents of construction and investment stipulated by the plan, it is forbidden to go in for items outside the plan, to expand the amount of work, or to go in for capital construction under the pretext of renovation, and it is necessary to continue to implement the system of leading cadres of prefectures, cities, and counties, and of offices and bureaus assuming responsibilities.
2. It is necessary to handle affairs strictly according to the procession of capital construction, and fully do well in the preparatory work of the construction project. Those items without the approval of the initial design and the general budgetary estimate should not in any way be listed in the plan as construction items, it is necessary to lower the cost of building, and to raise the results of investment. From now on, whenever the cost in the budgetary estimate in the design exceeds that included in the project proposal, it is required to rewrite the project proposal or to submit a supplementary report to be approved by the original organs of examination and approval.

Once the budgetary estimate is approved, it should not be exceeded in expenditures in its implementation. The bank should not refund the part which has been exceeded. If there are particular reasons for the excess in expenditures, the original designing unit and the construction unit must submit a joint report to the original organ of examination and approval to be checked and ratified.

[HK110333] 3. It is necessary to enhance administration of large- and medium-type backbone projects. The large- and medium-type backbone projects arranged in the plan, such as the Guhai pumping station project, Pinglou sugar refinery, Dawukou power plant, Taixi coal washing plant, Ningxia chemical work, Ningxia cement work, and so on, involve a wide range of departments concerned, complicate technological conditions, large investments, and remarkable results. They have a great influence on the economic development of our region, relevant units must enhance their leadership, strengthen their command at the construction sites, so as to step up pace in construction within a rational building period.

5. It is necessary to incessantly raise the quality of design, and to strengthen administration in building in earnest. Design departments should do a good job in the accumulation of technical data and designing results. Regarding construction projects, it is necessary to design strictly according to the stipulations of the state, to persist in the principle of being economical and suitable to use, and to lower the standards of design which are irrational or too high. Building units should strengthen management in building, raise the building quality, strictly implement the state's budgetary quota and the standards for charges, work hard to save raw materials, and lower the building cost.

/4. Commerce and Foreign Trade/

The volume of social commodity retail sale arranged in the plan is 1.14 billion yuan, a 7.6 percent increase over 1983. The amounts of purchase in major commodities are: Grain 300 million jin, edible oil 11 million jin, hogs 150,000 head, eggs 3.5 million jin, sugar 13,000/15,000 tons [yi wan san wu qian dun [0001 8001 0005 0063 0578 0903] as published], cotton fabric 6.5 million meters, cigarettes 20,000 packing boxes, soap 25,000 packing boxes, sheep's wool 5.8 million jin, licorice root 5 million jin.

Commercial departments should further strengthen market regulation and forecast, open up the market, expand items of operation, and raise service quality. It is necessary to implement the spirit of Central Document No 1, to actively organize the supply of industrial products to rural areas, and to expand the purchase and sale of agricultural and sideline produce. It is necessary to solve the difficulties of peasants in buying and selling, to dredge the circulation channels of commodities in rural areas, and to promote the development of commodity production.

It is necessary to further enhance cooperation between industry and commerce. Commercial departments should promptly provide market information to production enterprises, be active in purchasing and promoting the sale of local

industrial products, and support and promote the development of local industry. At present, it is necessary to continue to do a good job in the link between production and sale of products such as knitting wool, woolen fabric, soap, and tobacco, to work hard to reduce overstocking, and to raise economic results.

It is necessary to bring into full play the leading role of state-owned commerce and supply and marketing cooperative commerce, while attaching attention to bringing into play the role of assistance and supplement of collective and individual commerce. While supporting the development of production, we should work hard to organize well the supply of various articles of everyday use and nonstaple food such as meat, fowl, eggs and vegetables which the people are in need of in their daily life. The policies on the purchase and sale of other products in the rural areas should also be appropriately readjusted. The contract system should be spread widely, and the various unified purchase quotas should be carried out so as to meet the needs of the people's livelihood, and to insure the fulfillment of the quotas for export and for the state to transfer them to other parts of the country.

It is necessary to continue to enhance the administration of market prices. We should resolutely put a stop to actions of raising prices of means of production and means of subsistence, so as to maintain the fundamental stability in the market price.

The total purchase value for foreign trade plans to be 30.46 million yuan, which is 12.21 million yuan less than 1983. This is mainly because of the decrease in the purchase of commodities suffering from heavy losses; those unmarketable in the international market, or having a large stock in foreign trade departments. We should exert efforts to do a good job in our work, increase production of products which are low in production cost but will bring back more foreign exchange and will sell well in the international market, organize well work in purchasing, and strive to overfulfill the purchasing plan of foreign trade.

The Central Committee has made the instruction that it is necessary to make the utilization of foreign capital funds to develop the economy as a long-term principle. To actively utilize foreign funds to step up the pace in the economic development of our region is of important significance. In 1984, the state makes arrangement for our region a \$500,000 loan of foreign funds, while we will directly absorb \$3 million worth of investments. It is necessary for us to seriously do a good job in the preparatory work of utilizing foreign capital funds, to have a good grasp of the information from abroad through various channels, to look for objects of cooperation, and to study well the feasibility of the projects, in particular, attention should be attached to the sources of capital funds for forming a complete set in one's own locality and department, so as to make the utilized foreign funds bring into play their economic results as quickly as possible.

[HK110335] /5. Financial Revenues and Expenditures/

The 1984 financial revenue plan is 195.02 million yuan, a 15.8 percent increase over 1983; the expenditure plan is 765.41 million yuan, a 10.2 percent increase over 1983, calculated on the readjustment in the changes of prices.

We should work hard to increase production and to lower the cost of production, so as to increase financial revenues. Taxation work should be enhanced and tax evasion should be stopped. It is necessary to implement in earnest all measures of concentrating capital funds so that the funds that should be concentrated may be concentrated in the hands of the state. We should exert efforts to practice economy in expenditures in all fields, and attach attention to the economic results in the use of capital funds. The administration fund and enterprise managerial fund for 1984 will be reduced as compared with 1983. Funds for all undertakings should also be spent as economically as possible.

/6. The Supply of Materials and Goods/

The supply of some materials and goods such as rolled steel and pig iron this year is rather strained. In particular, the shortage in rolled steel is great. The gap between the amount of rolled steel distributed by the state and the actual need of the region is 23,000 tons. It is planned to adopt the following measures:

First, all departments and enterprises should do their best to utilize the reserve of rolled steel in solving part of the shortage; second, it is necessary to actively organize cooperation, going in for mutual support with fraternal provinces and cities; and third, we will import 20,000 tons with local foreign exchange.

Under the strained condition in the supply of major materials and goods under unified distribution, it is imperative to further strengthen the planned control of materials and goods. In 1984, the distribution of major materials and goods should be based on the tasks of production and construction, on the principle of insuring key projects, while taking the general into consideration, and the principle of giving first priority to production then capital construction, and first priority to those projects listed in the plan, then those outside the plan. Materials and goods supply departments should organize supply strictly according to the plan for distribution of materials and goods. Regarding the part of local natural resources which have been listed in the distribution plan, the order contracts should be strictly implemented, production enterprises and departments in charge should not intercept them for their own use.

/7. Labor/

In 1984, it is planned to add 9,000 workers and staff in enterprises of ownership of the whole people (not including those under unified distribution to coal mines, enterprises at central level, and labor force out of natural growth in agricultural, forestry, animal husbandry and fish breeding farms). Of them, 5,200 will be graduates of colleges, intermediate technical schools and vocational schools, and demobilized army men in urban areas under the unified work distribution of the state, 3,800 will be recruited from society (including some contract workers). It is necessary to give priority to key production enterprises, important construction projects and projects to be put into production listed in the plan in the work distribution arrangement of those newly increased workers and staff. Generally, no workers and staff

should be added in those enterprises where labor productivity has not been raised. The increase of personnel in other enterprises should be solved primarily by making arrangements for those surplus personnel after enterprise consolidation or those workers and staff of enterprises which have stopped production or are ready to transfer to other trades.

By the end of 1983, there were about 25,000 people awaiting employment in cities and towns, there will be another 15,000 people in this category in 1984, and the number of people awaiting employment will be 39,000 total. It is planned to arrange 20,000 people for employment; therefore, by the end of this year, there will still be 19,000 people awaiting employment. It is necessary to continue to develop diversified forms of collective economy in cities and towns, so as to open up more roads for employment. At the same time, it is necessary to do a good job in solving the problems in the various policies on developing collective economy in cities and towns, so as to run well urban collective economy. We must implement the spirit of the CPC Central Committee to prevent the consumption fund from growing too fast. The readjustment of wages of enterprise workers and staff in 1984 should not break through the indexes stipulated in the national plan, bonuses and subsidies which are too high and irrational should be cut down, the money cut down can be spent on the wage readjustment to be carried out with self-raised funds of the enterprise.

[HK110337] /8. Science and Cultural, Education, and Public Health Undertakings/

The 1984 plan arranges 193 projects of science and technology, and the popularization of 28 new products. Key science and technology products to be tackled are: 8 items including selection of good new breeds of major grain and cash crops, comprehensive experiment on raising per unit area output of middle and low-yielding farm plots, research on the comprehensive development and utilization of Chinese wolfberry, the transmission of microwave television signals between Daluoshan and Liupanshan. Key new technological items to be popularized are: 10 items including the popularization of the technique in comprehensive culture of high-yielding wheat and rice crops, the planting of new species of grass for pasturing, the application of frozen sperms of draught animals, the technique of saving electricity through use of aluminum silicate fibers, the technique of saving oil in trucks, static electricity resisting plastic tube, and so on.

In 1984, it is planned to enroll 1,540 students in institutes of higher education, an increase of 90 students over 1983; students to be enrolled in intermediate technical schools number 2,700, an increase of 179 students; enrollment in vocational schools number 1,300 students, a decrease of 55 students. Both institutes of higher education and intermediate technical schools should link themselves with the actual needs of our region, and take a firm grasp in the readjustment in the structure of subjects and the arrangement of specialties. It is necessary to continue to develop radio and television broadcasting universities, correspondence universities, night universities, spare-time universities for workers and staff, and multiform adult education. We should further

do a good job in the structural reform of intermediate education, and in continuing to readjust the proportion between ordinary senior middle schools and agricultural, professional middle schools. It is imperative to persist in the principle of walking on two legs in popularizing primary school education, to raise the enrollment rate and the rate of students at schools, in particular, it is necessary to strengthen the work in popularizing primary school education in mountain areas in the southern part of the region.

Undertakings in culture, art, journalism, publication, broadcast, television, public health and physical culture should all continue to develop on the basis of raising quality and level. All cultural undertakings should persist in the socialist orientation, opposing all forms of spiritual pollution. It is necessary for public health undertakings to seriously implement the policy of putting prevention first in medical work, to enhance the prevention and treatment of diseases, the health care of women and children, and the prevention and treatment of local diseases.

/9. Population/

The natural growth rate of population will drop to 15.5 per thousand from the 1983 forecast of 16.4 per thousand, by the end of the year, the population will be 4.09 million (including the population increase through transfer of work, and so on). It is necessary to continue to do a good job in publicizing and education in family planning, and at the same time to insure the supply of medicine, and medical equipment in a down-to-earth manner.

III

In order to realize the 1984 plan, it is most fundamental to raise the economic results in all fields of production, construction and circulation. It is imperative for us to further shift economic work onto the track with raising economic results as the core, resolutely correct the erroneous ideas and practice of pursuing quantity, and output value onesidedly, neglecting economic results, relying on state finance for subsidies to make a living, and to work hard to make economic results come up. Centering on the target of raising economic results, in 1984 we should seriously grasp well the following items of work:

/1. Strengthen Planning, and Set Up the Responsibility System/

We must persist in the principle of taking planned economy as the key, with market regulation as the supplement. In drawing up plans for production or construction, it is imperative to enhance investigation and study and comprehensive balancing. When a plan is drawn up and transmitted to the lower levels, it should be dealt with seriously. In retrospect the situation in recent years is that the comrades of some units have been weak in the sense of the national plan, they have failed to seriously implement the plan approved and transmitted by the government, but they have been eager to go in for activities outside the plan. This results in the fact that key production and construction which have a bearing on the whole situation have failed to come up, while production and construction which are not appropriate from

the view of the whole situation have been developed blindly. We must resolutely change this situation. All localities and departments must fully understand the importance of strengthening administration of plans, and to enhance conscientiousness in implementing the national plan. Explicit and strict responsibility systems should be set up at every level in implementing the indexes of some important mandatory planning, whenever they involve the range of all counties and cities, the mayors or magistrates should take up the responsibilities, when they involve the systems under various offices or bureaus, the directors of those offices or bureaus should take up the responsibilities. All cities, counties, offices, and bureaus may also refer to the same measures, requiring the leadership of all enterprises under their jurisdiction to be responsible for the implementation of mandatory planning regarding the indexes in some guidance planning, all production enterprises may deal with them with flexibility in accordance with the conditions of raw materials and the sale of productions, while there should be more freedom in minor aspects.

[HK110339] /2. Strengthen Financial and Economic Discipline and Utilize Financial and Material Resources in a Concentrated Way/

Violation of financial and economic discipline is widely spread in the present economic work of our region, and some cases are very serious. Such breaches of financial and economic discipline are: Arbitrary retention of revenue which ought to be turned over to the state and of state materials earmarked for unified distribution, exorbitant charges, arbitrary raising of commodity prices, unjustified additions to production costs, the indiscriminate handing out of allowances and bonuses, unauthorized use of money which was originally allocated for tapping potentialities and carrying out technical transformation and reforms for the investment in capital construction, unauthorized expansion of the scale of capital construction and raising the quality of buildings, blackmail, and extortion on big enterprises. From now on, we must strengthen financial and economic discipline, and affix the responsibility for and seriously deal with all acts in violation of financial and economic discipline. At the same time, we must take effective measures to tighten control over all funds and to make proper use of them.

/3. Carry Out Enterprise Consolidation Much Better and Raise the Quality of Enterprises, and the Principle of Improving Economic Results Must Be Implemented in Work of Planning and All Economic Work/

Our region achieved initial results in enterprise consolidation last year. After consolidation, some enterprises improved their quality, some reversed the trend of losses, and some greatly increased their output and profits. However, by viewing the region as a whole, the development of enterprise consolidation is still very uneven. Localities which have done a good job in enterprise consolidation are very few. Many localities and departments are slow in action and muddle through their work. The quality and adaptability of many enterprises is still very poor and they cannot achieve better economic results. In that case, we must make further efforts to implement the spirit of the two documents approved by the party Central Committee with regard to carrying out enterprise consolidation in an overall way and restructuring leading groups of enterprises, and strive to fulfill the task of consolidating

enterprises in the areas of production, construction and circulation of the region in the next 2 or 3 years so that the quality of enterprises and their economic results will improve considerably.

/4. Promote Technical Transformation and Technological Progress in Enterprises/

The future development of production requires high efficiency and better economic returns. This must depend on the progress of science and technology. The technical level and the properties of products of the region's enterprises are still very low. If efforts are not made to vigorously promote technical progress, it will be impossible to markedly improve economic results and some enterprises will hardly be able to sustain their present level. In order to propel technical progress of enterprises, first, good scientific and technical achievements, either at home or abroad, must be widely recommended in enterprises; second, necessary administrative and economic measures must be taken to encourage and support enterprises in their efforts to upgrade and update products; and third, it is essential to grasp well technical transformation. In carrying out technical transformation, we must aim at reducing consumption of energy and raw and semifinished materials, improving the quality and properties of products, promoting new products, and utilizing resources in a comprehensive way so as to turn out readily marketable goods and to secure better economic results. Our region must make continuous efforts to carry out economic and technical cooperation with Shanghai, Tianjin, Zhejiang and other provinces and cities which are relatively developed in the economic and technical fields, and to carry out activities of exploiting mountainous and water resources so that the region's enterprises will be able to attain the goal of technical progress at an early date.

/5. Strive To Raise the Targets for Achieving Better Economic Results in All Fields of Work, Strengthen Examination and Supervision/

It is essential to take feasible and effective measures to make actual progress in raising the targets for achieving better economic results in all fields of work in 1984. This year, local government-owned enterprises reduced losses by 30.3 percent, of which, industrial enterprises reduced deficits by 35.7 percent, grain enterprises by 37 percent, supply and marketing cooperatives at or above the county level by 76.2 percent, and reclamation farms by 69.7 percent. Commercial enterprises reduced deficits by only 9.4 percent because the purchase price of mutton was raised. The region will clear away enterprises which run at a loss due to poor business and sharply reduce the number of enterprises which run at a loss due to the implementation of some policies by the end of 1984. Meanwhile, enterprises which are now gaining profits must do their best to make more profits and fulfill the task of turning over that part of profits to the state in time. It is planned that state-run industrial enterprises which are now making profits will reduce production costs by 2 percent in 1984, commodity circulation fees of commercial enterprises and transport costs of communications enterprises will also reduce by 2 percent, turnover rate of funds of industrial enterprises and of communication enterprises will increase by 4 percent and 1 percent, respectively, and the cost of building of key construction projects will be reduced by 5 percent. We must do everything possible to strive to fulfill the abovementioned targets in improving economic results.

AGGREGATE ECONOMIC DATA

1983 ECONOMIC, SOCIAL DEVELOPMENT STATISTICS

HK011031 Beijing BELJING RIBAO in Chinese 10 May 84 p 2

["Communique of the Beijing Municipal Statistics Bureau on the Results of the Implementation of the 1983 Plan for Economic and Social Development"]

[Text] In 1983, people in our municipal CPC committee and municipal people's government, continued to implement the principle of readjusting, restructuring, consolidating and improving, and conscientiously pursued the four instructions on the guiding principles for the construction of the capital issued by the Secretariat of the CPC Central Committee and the written reply on the "overall planning for the city construction in Beijing" issued by the central authorities and the State Council. They achieved new results in economic and social development. There was a favorable economic situation rarely seen in recent years. We fulfilled the majority of production targets prescribed by the state plan. The total output value of society for the whole year was 34.77 billion yuan, an increase of 13.8 percent over 1982. Total output value of industry and agriculture was 27.77 billion yuan, an increase of 11.3 percent over 1982. Municipal income was 13.76 billion yuan, an increase of 14.7 percent over 1982. Economic results were enhanced. As far as financial revenue was concerned, the trend of continuous fall over the past 2 years was checked. We strengthened city construction and management, and achieved initial results in greening, beautifying, and purifying the environment. Furthermore, we developed scientific, educational, cultural, and public health undertakings, and continued to improve people's livelihood.

I. Agriculture

The year 1983 was a year in which the suburbs of Beijing reaped an unprecedentedly good harvest. Various forms of responsibility systems were extensively implemented in the suburbs, based on unified management and contracts for specialized jobs. We actively implemented diversified economy to promote rapid development of rural economy. Total output value of agriculture was 2.71 billion yuan, an increase of 29.3 percent over 1982. The planting undertaking increased by 10.8 percent, forestry by 9.6 percent, animal husbandry by 19.6 percent, fishery by 45.5 percent, and sideline production by 60.2 percent. The incomes of the municipality, the collectives, and individuals from developing diversified economy (excluding incomes from grain production) were 3.85 billion yuan. The proportion of incomes from diversified economy increased from 83.7 percent in 1982 to 85.8 percent in 1983.

Grain output in 1983 was an all-time record high, despite a reduction of sown area and drought in successive years. It reached 4.03 billion jin, an over-fulfillment of 430 million jin and an 8.6 percent increase over 1982. Among 14 suburban districts and counties, grain output in Changping, Shunyi, Tongxian, Daxing, Huairou, Fangshan and Yanqing was at record high levels.

Sideline production increased by a bigger margin. Production bases for vegetables, live pigs, milk, eggs, fruit, and other items have been initially established in the suburbs. Total output value of nonstaple food was 850 million yuan, an increase of 13.3 percent over 1982. Under the condition of increasing variety and insuring sufficient supply, the output of vegetables dropped slightly. However, the output of other main nonstaple foods was considerably higher than that in 1982.

The following is the output of the main nonstaple foods:

	<u>Actual output of 1983</u>		<u>1983 figure as percent- age of 1982 figure</u>
Eggs	180	million jin	165.9
Milk	210	million jin	118.4
Live pigs	2.25	million	105.9
Poultry	12.479	million	135.3
Vegetables	3,980	million jin	95.6
Fruit	340	million jin	129.4

The number of key and specialized households in rural areas continued to increase, commodity economy was further developed, and the commodity rate of agricultural and sideline products was further enhanced. The number of specialized and key households was 220,000, and per capita incomes from household production reached 268.4 yuan. Agricultural commodity output value for the entire municipality was 2.18 billion yuan, an increase of 44.8 percent over 1982. The commodity rate increased from 64.9 percent in 1982 to 72.4 percent in 1983.

[HK011033] The area of afforestation for the whole year was 494,000 mu, an increase of 17.2 percent over 1982. By the end of 1983, the actual afforestation area was 4.4 million mu, or a rate of afforestation of 16.6 percent. About 27.9 million trees were planted on the four sides [along roads and rivers and around villages and houses], a drop of 2.3 percent compared with 1982.

The amount of farm machinery, usage of chemical fertilizer, and consumption of electricity increased by a greater margin. By the end of 1983, the total power of farm machinery was 3.561 million horsepower, an increase of 8.2 percent over 1982. The number of big- and medium-sized tractors was 9,855, an increase of 9.1 percent over 1982. The number of small and walking tractors was 23,000, the same as in 1982. The power of drainage and irrigation machinery was 926,000 horsepower, an increase of 7.3 percent over 1982. The amount of chemical fertilizer used for the whole year was 476,000 tons, the same as for 1982. Electricity consumption in rural area was 1.05 billion

kilowatt-hours, an increase of 7.9 percent over 1982. With the improvement in the management of rural irrigation and water conservancy, the capacity for combating drought and draining flooded fields was enhanced.

II. Industry

Industrial production continued to increase. Through all-round readjustment, the quality of enterprises and economic results were improved to varying degrees. Total industrial output value of the entire municipality was 25.06 billion yuan, an increase of 9.6 percent over 1982. In 1983, the industrial growth rate was 4 percent faster than that of 1982. This was the best year since 1981. Total output value of heavy industry was 13.79 billion yuan, an increase of 11.2 percent over 1982. Total output value of light industry was 11.27 billion yuan, an increase of 7.7 percent over 1982. Industries in accord with the characteristics of Beijing grew faster. The food industry increased by 10.4 percent over 1982, the electronics industry by 22.9 percent, the sewing industry by 12.3 percent, and the leather industry by 10.9 percent.

Among 99 main products, the output of 95 fulfilled production quotas. The output of 74 products was higher than in 1982.

The following is the output of the main products:

	<u>Actual output for 1983</u>	<u>1983 figure as percentage of 1982 figure</u>
Cloth	300 million meters	101.0
Bicycles	180,000	180.0
Sewing machines	715,000	111.5
Color TV sets	103,000	128.3
Recorders	331,000	147.4
Refrigerators	64,000	142.6
Washing machines	443,000	137.9
Furniture sold on market	2.542 million	104.4
Cigarettes	121,000 boxes	103.9
Beer	102,000 tons	125.4
Raw coal	8,405 million tons	103.6
Generated energy	10.29 billion kilowatt-hours	102.5
Refined oil	5.638 million tons	105.7
Steel	2.141 million tons	106.9
Steel products	1.779 million tons	111.6
Chemical fertilizer	130,000 tons	108.6
Plastics	338,000 tons	107.1
Synthetic rubber	47,000 tons	104.6
Cars	31,000	109.4
Walking tractors	10,000	166.7

Through internal cooperation (for tackling key technical problems) and importation (from foreign countries technology), we speeded up the progress of technical reform. About 1,423 items of technical reform were completed or partly completed in the whole year. The completion of these items not only

developed new products and improved product quality, but also expanded production capacity. Due to the expansion of production capacity, 19,000 refrigerators, 170,000 washing machines, more than 5,000 cars, and about 10,000 telephone exchanges were added to the production output concerned.

[HK011035] We continued to improve product quality, and 43 kinds of products were awarded by the state for excellent quality. In 1983, the number of top-quality products was the highest. About 134 products were graded as high-quality products, and 302 were regarded as high-quality products of Beijing.

We succeeded in enhancing economic results. Incomes resulting from the sale of products of industrial enterprises covered by the local budget were 5.5 percent higher than in 1982, profits increased by 5.9 percent, and profits turned over to the state increased by 0.5 percent. The declining trends of the past 2 consecutive years were curbed. The total production costs of comparable products dropped by 0.61 percent compared with 1982.

III. Investment in Fixed Assets and the Building Industry

The capital construction front insured the progress of the key projects of the state, and speeded up the building of houses. Investment in fixed assets was 3.85 billion yuan, an increase of 11.8 percent over 1982. Investment in capital construction was 2.71 billion yuan, or 79.2 percent of the quota. This was an increase of 8.8 percent over 1982. Investment in technical facilities was 1.14 billion yuan, an increase of 34.8 percent over 1982.

As far as investment in fixed assets was concerned, investment in productive construction projects was 1.69 billion yuan, an increase of 8.2 percent over 1982. Investment in nonproductive construction projects was 2.16 billion yuan, and increase of 14.8 percent over 1982. Investment in houses was 930 million yuan, an increase of 5.6 percent over 1982.

In 1983, our municipality conscientiously reexamined construction projects in progress. About 401 local capital construction projects and renewal or reconstruction items were stopped or suspended. Investment was reduced by 150 million yuan. The area of newly built houses was reduced by 1.7 million square meters. Capital construction was curtailed to within the limit set by the state plans. Investment in local capital construction dropped by 16.4 percent compared with 1982.

Among eight key construction projects arranged by the state in our municipality, five were completed on schedule, while the other three projects were completed ahead of schedule. Investment for the whole year was 210 million yuan, fulfilling 95.5 percent of the target set in the plan for the whole year. This was above the average level for the whole municipality.

Among capital construction projects, 804 were completed or partly completed, accounting for 38.2 percent of the total number of projects. Due to enhancement of production capacity, we increased production output of beer by 25,000 tons, short fibers by 12,000 tons, snacks by 1.2 million jin, fur products by 5,000 pieces, leather shoes by 3 million pairs, and embroidered shirts by 2 million.

The area of buildings under construction was 19.52 million square meters, an increase of 0.7 percent over 1982. The area of buildings completed was 7.755 million square meters, an increase of 6.5 percent over 1982. The area of houses completed was 4.891 million square meters, an increase of 9.9 percent over 1982. This was an all-time record high. The completion rate for buildings increased from 37.6 percent in 1982 to 39.7 percent in 1982.

Building and construction enterprises further enhanced their economic results because of readjustment and improvement of enterprise management. According to figures issued by the 116 main building enterprises, the output value of building construction projects completed was 2.26 billion yuan, an increase of 17.7 percent over 1982. With regard to building construction projects completed by enterprises under ownership by the whole people, the rate of top-quality projects increased from 82.3 percent in 1982 to 83.6 percent in 1983. The all-personnel labor productivity was 6,497 yuan (figure for 1983), an increase of 15.2 percent over 1982. Production costs of building projects were 8.7 percent lower than those originally planned.

[HK011037] IV. Urban Construction and Management

The construction of urban basic facilities has been strengthened. Total investment for the whole year was 420 million yuan, an increase of 1.2 percent over 1982. The expansion project of Beijing town gas plant was basically completed. The daily capacity in gas supply increased by 200,000 cubic meters. The construction project of the Shoudu iron and steel complex for supplying 300,000 cubic meters of gas to the municipality was completed according to plan. Transformer facilities for 70,000 kilo-volt-amperes were installed. Other newly completed projects included 33.8 km of transmission lines, 29 km of newly built and extended roads, 221 km of pipelines of various descriptions, and 14,000 telephones. In addition, 305 trolleybuses, 47 long-distance buses, and 100 taxis were put into service, and 206 km of water pipes were installed. To improve traffic order and protect the safety of pedestrians, four overpasses and three underpasses were built. In addition, eight underpasses were also built by making use of subway terminals.

Public utilities were further developed. Running water supplied to the entire municipality was 430 million tons, an increase of 3.6 percent over 1982. Running water supplied to households was 270 million tons, an increase of 6 percent over 1982. The volume of gas sold was 370 million cubic meters, an increase of 1.6 percent over 1982. The volume of liquefied petroleum gas sold was 150,000 tons, an increase of 0.2 percent over 1982. By the end of 1983, 909,000 resident households were supplied with gas and liquefied petroleum gas, accounting for 68.6 percent of the total number of resident households in urban areas and suburbs. About 3 billion passengers made use of public transport facilities in the whole year, an increase of 5.7 percent over 1982. By the end of 1983, 7,175 cars were devoted to commercial use, an increase of 4.9 percent over 1982. The number of trolleybuses and buses was 3,753, an increase of 7.2 percent over 1982. Compared with 1982, the full-load rate of public transport for the whole year dropped slightly, and buses were not so crowded as they had been before. By the end of the year, roads in the suburbs of Beijing reached a length of 2,437 km, an increase of 4.1 percent over 1982.

Marked results were achieved in greening, beautifying, and purifying the municipality. About 2.17 million trees were planted in the entire year, an increase of 17.9 percent over 1982. There were 24 new greens at street-corners and other lawns measuring 740,000 square meters. Flanking of the rostrum of Tien An Men there were flower terraces and greens. Efforts were also made to tidy up and plant more trees along the Fuxingmen Road, Baiguang Road, Gucheng, and some other streets and districts. In addition, there emerged a number of garden-type enterprises possessing beautiful environments.

Environmental sanitation also markedly improved. In the whole year, 1.84 million tons of garbage and 950,000 tons of night soil were disposed of. In the city proper, the work of installing dustbins was basically completed, and the disposal rate of garbage and night soil was as high as 90 percent or so. In addition, 205 public conveniences were built or renovated on the main roads of the city.

A new situation was created in dealing with the matter of pollution. Efforts were exerted to complete 223 projects of handling industrial pollution in the San Huan road district. About 101 electroplating depots were removed, and 423 boilers were remolded. About 120,000 motor vehicles in the [word illegible] used low-noise horns, and traffic noise in the city proper dropped by 3.5 decibels.

V. Communications and Posts and Telecommunications

Railroads, highway transportation, civil aviation, and posts and telecommunications developed to varying degrees.

About 35.46 million passengers made use of railroad services, an increase of 10.6 percent over 1982. The volume of rail freight was 31.52 million tons, an increase of 2.8 percent over 1982. The daily production output of each goods locomotive was 788,000 ton-km, which was 0.5 percent lower than in 1982. The standard fuel consumption rate of steam locomotives dropped by 0.8 percent per 10,000 ton-km. The fuel consumption rate of diesel locomotives dropped by 0.4 percent per 10,000 ton-km.

About 30.38 million passengers made use of highway transportation services, an increase of 3.6 percent over 1982. Passenger turnover was 1.04 billion person-km, an increase of 15.6 percent over 1982. The volume of goods transportation was 44.85 million tons, an increase of 4 percent over 1982. The goods transport turnover was 920 million ton-km, an increase of 9.5 percent over 1982. Annual dead load truck tonnage was 43,000 ton-km, an increase of 5.1 percent over 1982. Oil consumption for highway transportation slightly increased. The oil consumption rate of trucks was 27.9 liters per 100 km, an increase of 0.4 percent over 1982.

[HK011039] About 783,000 passengers made use of civil aviation services, 0.5 percent less than 1982. Air freight volume was 26,000 tons, an increase of 18.2 percent over 1982.

Total output value of post and telecommunications services was 160 million yuan, an increase of 14.1 percent over 1982. About 180 million letters were dispatched, an increase of 5.7 percent over 1982. About 3.1 million parcels were dispatched, 4.6 percent less than in 1982. About 9.14 million people made long-distance calls, an increase of 34.3 percent over 1982. About 5.88 million telegrams were dispatched, an increase of 13.7 percent over 1982.

VI. Commerce

Urban and rural markets were brisk and prosperous. The total volume of retail sales of social commodities was 8.36 billion yuan, an increase of 14 percent over 1982. The volume of retail sales of units under ownership by the whole people increased by 9.2 percent. The retail sales volume of units under collective ownership increased by 37.8 percent. The sales volume of individual traders increased by 300 percent.

As far as the retail sales volume of social commodities was concerned, the volume of consumer goods sold to residents increased by 13.1 percent. The volume of consumer goods sold to social organizations increased by 19.4 percent. The sales volume of agricultural capital goods increased by 11.8 percent. With regard to the retail sales volume of consumer goods, the retail sales volume of food was 3.2 billion yuan, an increase of 13.6 percent over 1982. The retail sales volume of clothing was 1.52 billion yuan, an increase of 14.2 percent over 1982. The retail sales volume of articles of everyday use was 2.79 billion yuan, an increase of 15.2 percent.

Commercial departments vigorously carried out structural reform characterized by various kinds of economic components, various kinds of circulation channels, various kinds of business methods, and the reduction of circulation links. This further enlivened the market. The total purchase volume of commodities for the whole year was 14.54 billion yuan, an increase of 11.9 percent over 1982. The purchase volume of commodities from Beijing increased by 5.6 percent. The purchase volume of commodities from other localities increased by 23.9 percent. A number of retail shops bought products from producing areas, and established direct links with production units. All this played an active role in dredging circulation channels and insuring the supply of commodities.

The number of retail shops, eating houses and service trades was as high as 50,000, an increase of 19,000 over the beginning of the year. About 384,000 workers were employed by these trades and services, an increase of 36,000 persons over 1982. In addition, 22 supermarkets were opened and 18 restaurants of local flavor were run in cooperation with other provinces and cities. Commerce run by the collectives and individuals greatly developed. The number of shops, eating houses, and service trades run by collectives was 9,764, an increase of 1,081 over 1982. Workers employed by them numbered 126,000, an increase of 13,000 over 1982. By the end of 1983, the number of individual traders engaged in commerce, the catering trade, and service trades was 29,000, an increase of 17,000 over the beginning of the year. By the end of the year, there were 43 agricultural fairs in Beijing. Their total volume of business for the whole year was 65.41 million yuan, an increase of 8.2

percent over 1982. There were 96 country fairs in the rural areas. Their volume of business was 59.77 million yuan, an increase of 26.2 percent over 1982.

Last year, the responsibility system in business was implemented in retail shops and service trades on a trial basis. This played an effective role in arousing the initiative of workers and staff members. The profits of retail shops and service trades increased by 40.4 percent over 1982, and sales expenses dropped by 2.02 percent. Supply and marketing cooperatives achieved marked results in reform, and their profits increased by 54.1 percent over 1982. About 253 grassroots supply and marketing cooperatives made profits.

VII. Foreign Trade and Tourism

The volume of exports in foreign trade dropped slightly because of the influence of changes in the international market. Total export volume for the whole year was \$590 million, 3.8 percent less than in 1982. The export volume of agricultural, sideline, and special local products increased by 37.8 percent, whereas the export volumes of light industrial products and heavy industrial products dropped by 6.6 percent and 3 percent respectively.

In the whole city, 138 projects making use of foreign capital were approved, and the capital concerned amounted to \$120 million. The number of the projects and the amount of capital increased by 26 percent and 85 percent over 1982. A total of 201 items of foreign technology and facilities to the sum of \$130 million, were imported based on making use of foreign capital, foreign exchange available in the country, and signing contracts with foreign countries. This was a record high.

Tourism developed steadily. By the end of the year, there were 41 hotels for tourists. They had 10,000 rooms, an increase of 300 rooms over 1982. There were 509,000 tourists in the whole year, an increase of 11.5 percent over 1982. Income from tourism was 280 million yuan, an increase of 12.4 percent over 1982.

VIII. Financial Revenue and Expenditure

The result of instituting the financial budget was good. Financial revenue for the whole year was 3.98 billion yuan, overfulfilling the state budget by 7 percent. This was an increase of 2.7 percent over 1982. The decline in financial revenue for 2 consecutive years since 1981 was curbed. The incomes of enterprises totaled 1.26 billion yuan, 7.9 percent less than in 1982. Various tax revenues totaled 2.65 billion yuan, an increase of 8.7 percent over 1982.

Financial expenditure for the whole year was 1.96 billion yuan, which was 77.1 percent of the state budget. This registered an increase of 17.6 percent over 1982.

IX. Science, Education and Culture

Our scientific and technological research units have been further geared to economic construction and have readjusted the orientation of scientific and technological research. Centering around key scientific and technological research projects, 20 "chains" integrating scientific and technological research and experiment with production and application were formed and a center for scientific and technological cooperation and a center for development and exchange were set up. The responsibility system for scientific and technological research has been implemented in 20 units and thus the initiative of the broad masses of scientific and technological personnel has been brought into full play. By the end of last year, there were a total of 191 scientific and technological research institutes under the municipal government, as compared with 189 institutes the previous year. The number of scientific and technological personnel, increasing by 3,000, totaled 16,000. A total of 397 outstanding scientific and technological research projects won prizes awarded by the municipal people's government.

The municipality's 55 institutes of higher learning had a total enrollment of 81,000 students, an increase of 12.3 percent over the previous year. There were 19 subsidiary campuses of universities with an enrollment totaling 10,000 students. The institutes of higher learning and scientific and technological research units of the municipality recruited a total of 2,836 graduate students locally, an increase of 37 percent over the previous year. The municipality's 110 technical secondary schools had a total enrollment of 27,000 students, 6,000 more than the previous year. The 116 vocational schools for workers had a total enrollment of 14,000 students, 3,000 more than the previous year. The enrollment in vocational and agricultural secondary schools and vocational and agricultural senior secondary classes organized by ordinary secondary schools totaled 17,000, an increase of 3,000 over the previous year. The enrollment in ordinary senior secondary schools totaled 89,000, 4,000 fewer than in the previous year. The municipality has achieved success in the reform in the structure of secondary education. The proportion of junior secondary school graduates who furthered their studies in technical secondary schools, technical worker training schools, vocational senior secondary schools, and various vocational schools rose from 21.5 percent in the previous year to 24 percent last year. The enrollment in junior secondary schools totaled 383,000, fewer than that of the previous year by 43,000 students. The enrollment in 4,269 primary schools totaled 838,000, a decrease of 17,000 as compared with the previous year.

Spare-time education for adults has also developed rapidly. Last year, some 300,000 people completed supplementary general knowledge courses. And by the end of last year, the enrollment in various spare-time schools totaled 713,000, of which 59,000 students were studying in television colleges, spare-time universities, and other institutes of higher learning.

Child-care services have also developed. By the end of last year, there were 5,815 kindergartens and nurseries in the municipality. The kindergartens were taking care of 246,000 preschool children while the nurseries were taking care of 93,000 babies. The two together totaled 339,000 children, an increase over

30,000 children over the previous year. In addition, there were more than 9,700 families providing child-care services for their neighbors.

Cultural and publishing services have further developed. There were 61 newspapers or various natures published locally, with an annual circulation of 7.99 billion, an increase of 2 percent over the previous year; and 941 journals and magazines, with an annual circulation of 680 million, an increase of 2.5 percent over the previous year. The municipality published last year 850 million copies of textbooks and other books in 14,000 editions, the number of copies decreasing by 2.5 percent as compared with the previous year.

By the end of last year, there were 19 cultural centers and 354 cultural services. The number of libraries totaled 22, with a total collection of 17.32 million books, an increase of 3.4 percent over the previous year. The annual admission to these libraries totaled 2.43 million, an increase of 6.4 percent over the previous year. There were 13 museums in the municipality with a collection of 1.706 million display pieces. There were a total of 2,685 film show units, of which 106 were cinemas (including 53 auditoriums open to the public). There were 37 theaters. The municipality's 7 film studios produced last year 241 films, of which 23 were feature films. The municipality had 69 television broadcasting relay stations which relayed the television programs of the central and Beijing services to the whole municipality except for remote mountainous districts and some other districts in the suburbs.

[HK011043] The protection of major historical relics has been strengthened. Throughout the municipality there were 189 major national and municipal cultural preservation spots, including 22 revolutionary historical sites and buildings and 145 ancient or historical buildings. In addition, the municipality had 190 historical preservation spots at the district and county levels. The watchtower at the southeastern corner of Beijing city [the old city], the embrasured watchtower at Desheng Gate, and Jurong Pass underwent overall renovation. And the newly built mausoleum of martyr Li Dazhao and the Dabaotai museum of Han tombs have also been opened to the public.

X. Public Health and Sport and Physical Culture

There was good development of public health services. By the end of last year, the municipality had a total of 4,312 public health and medical service units, including 412 hospitals run by the municipality or rural districts and 3,686 outpatient departments and clinics. The hospitals had 32,000 beds, 1,000 more than the figure recorded earlier last year. The number of public health technical personnel increased by 3,000 as compared with earlier last year and amounted to 87,000, including 5,000 traditional Chinese medical doctors (practitioners) and 36,000 Western medical doctors (practitioners).

Health services for women and children have also made progress. According to statistics compiled in 24 hospitals in urban districts, the infant mortality rate dropped from the 6.2 percent recorded in the previous year to 5.7 percent this year as a result of the improvement in prenatal checkups and obstetric services.

Family planning work has also made rather great progress. The proportion of couples taking contraceptive measures was 92.8 percent, up by 3.9 percent over the previous year. The couples having applied for single-child certificates represented 95.4 percent of all couples due to apply for one, up by 4.7 percent over the previous year. This proportion was 99.5 percent in urban districts, up 1.1 percent, and 86.9 percent in rural districts, up 12.7 percent.

The municipality also achieved new success in the field of sport and physical culture. The Beijing athletic team got third place in the team-score tabulation in the fifth national games and won 17 gold medals, 24 silver medals and 22 bronze medals. Some 309,000 secondary school students, or 65.4 percent of secondary school enrollment, have fulfilled the national standard for physical training. Athletic sports are popular among the masses and the physical condition of the people has been improved.

XI. The People's Livelihood

There have been more and more job opportunities, the income of staff and workers has increased, and the people's livelihood has continued to improve. The employed population increased by 122,000 people last year. By the year-end, the number of staff and workers totaled 3.719 million, an increase of 118,000 as compared with earlier last year. The number of staffers of those units under ownership by the whole people increased by 104,000 while the number of staffers of those units under ownership by the collective increased by 14,000. Last year's total value for salaries was 3.38 billion yuan, an increase of 10.8 percent over the previous year. The average personal salary was 931 yuan per annum, an increase of 7.9 percent over the previous year. According to a survey conducted among 1,200 staff and worker families, the annual per capita income amounted to 590 yuan on average, an increase of 7.2 percent over the previous year. Every 100 staff and worker families possessed 91 television sets, 4 more than the figure for the previous year; 41 recorders, 13 more than the figure for the previous year; 29 washing machines, 10 more than the figure for the previous year; and 7 refrigerators, 4 more than the figure for the previous year. The average residential area for each urban resident was 5.68 square meters. A number of families moved into new houses, and residential conditions have also been slightly improved.

[HK011045] The peasants' incomes have increased considerably. On average, each peasant received a 392 yuan share from the collective revenue, an increase of 104 yuan, or 36.1 percent, over the previous year. According to a survey conducted among 480 peasant families, the average personal net income was 519 yuan per annum, an increase of 89 yuan, or 20.8 percent, over the previous year. Every 100 peasant families possessed 41 television sets, 8 more than the figure for the previous year; 192 watches, 33 more than the figure for the previous year; 167 bicycles, 26 more than the figure for the previous year; and 66 large wardrobes, 5 more than the figure for the previous year. Many peasants built new houses and the average residential area for each rural resident was 14.2 square meters, an increase of 1.2 square meters over the previous year.

By the end of last year, the overall balance of savings deposits in the urban and rural districts was 2.98 billion yuan, an increase of 800 million yuan as compared with earlier last year. Of these savings deposits, urban residents could claim 2.51 billion yuan, an increase of 590 million yuan; and the peasants could claim 470 million yuan, an increase of 210 million yuan. The treasury bonds bought by urban and rural residents totaled 85.58 million yuan.

XII. Public Security

Public security and social order have been remarkably improved. Great success has been achieved since last August when the drive of dealing severe blows at criminal activities was launched. Criminals have received fatal blows and the criminal activities which seriously jeopardized social order have been considerably put down. The number of criminal offences dropped by 58.7 percent, while the percentage of cases solved was raised by 14.6 percent. Great success has also been achieved in cracking down on criminal activities in the economic field. Investigations into 1,450 cases of economic offences were started last year and 93 percent of these cases were solved.

Last year, there were 8,462 traffic accidents, causing 490 deaths. The increase in the number of accidents was 0.8 percent and that in the number of deaths was 18.4 percent. There were 765 fires, which caused 33 deaths. The increase in the number of fires was 0.4 percent and that in the number of deaths was 43.5 percent, as compared with the previous year.

XIII. Population

According to statistics compiled by the household registration department, permanent residents in the municipality totaled 9.332 million people by the end of last year, an increase of 154,000 or 1.7 percent, as compared with earlier last year. The nonagricultural population totaled 5.472 million people, an increase of 132,000, or 2.5 percent; while the agricultural population totaled 3.86 million people, an increase of 22,000, or 0.6 percent.

The municipality's newly born population totaled 145,000, with a birth rate of 15.63 per thousand, 4.41 per thousand lower than that of the previous year. Deaths totaled 51,000, with a mortality rate of 5.49 per thousand, 0.19 per thousand lower than that of the previous year. The natural increase in population totaled 94,000, with a growth rate of 10.14 per thousand, 4.22 per thousand lower than that of the previous year. A total of 102,000 people moved into, while 43,000 people moved out of, the municipality, resulting in a population increase of 59,000 people.

Although the municipality was faced with an excellent social and economic situation in 1983, there are still some problems. The major ones are: the speed of construction of the municipal infrastructure has lagged far behind the needs of municipal development, and building of houses fails to keep up with the increasing demand; there are still serious problems of traffic jams and pollution of the environment; the reform in the industrial structure and technological transformation are not making sufficiently rapid progress; the

process of improvement of economic results is continuing rather slowly; the principle of "opening the door to the outside world and enlivening the economy at home" has not been implemented vigorously; the service quality of commercial and service trades still calls for further improvement; and the municipality's development in the fields of science, education, and cultural activities still fails to match its status as the political and cultural center of the country.

CSO: 4006/566

ECONOMIC MANAGEMENT

FAVORABLE RESULTS ACHIEVED IN ENTERPRISE CONSOLIDATION

Shanghai JIEFANG RIBAO in Chinese 11 Jan 84 p 1

[Text] Under the leadership of the municipal party committee and the municipal government and through the joint efforts of individual committees, offices, bureaus and enterprises, Shanghai attained relatively favorable results in its enterprise consolidation efforts in 1983. Enterprises that underwent overall consolidation generally raised their levels of quality and laid a foundation for exploring a course of modern management with Chinese characteristics in order to let enterprises realize the "changing of tracks" and the "changing of models."

Altogether, 2,034 state-run industrial and communications enterprises in Shanghai have been included in the nationwide enterprise consolidation budget, including 213 large and medium-size key enterprises. Within the plan there are altogether 502 enterprises that were checked and approved in 1983, including 142 large and medium-size key enterprises. By the end of last year, 411 enterprises included in the plan, or 22 percent of the total number, had already been checked and accepted. Of these enterprises, 131 were large and medium-size key enterprises, amounting to 61.5 percent of the total number of large and medium-size enterprises. The leading groups of 213 large and medium-size key enterprises in the city have already been basically consolidated. Outside the state plan, there are still altogether 5,913 building materials enterprises, municipal government and public facilities, commercial enterprises, publishing and printing houses and other prefectural and county collective enterprises in the city that are in need of consolidation. By the end of the year, 253 of these enterprises, or 4.3 percent of the total number, had already been checked and approved.

Through the consolidation of the leading groups of enterprises, the "four task's" (revolutionize, rejuvenate, professionalize and specialize) have shown substantial improvement. Formerly, aside from their old age, low cultural level and an irrational specialization structure, the leading groups of enterprises in Shanghai situations still have problems left over from the period of the "Great Cultural Revolution" which have not been sufficiently eliminated. Some of the enterprises' problems that have been left over from the past are relatively serious. In order to guarantee the quality of the consolidation of enterprise leading groups, the municipal committee organization departments, the offices of the small units leading the consolidation

of municipal enterprises and other leading bodies made a number of in-depth investigations into the consolidation status of leading groups within the enterprises. They summed up the experiences, gave prompt guidance, discovered problems and immediately made up lessons that had been missed. Through consolidation, they eliminated the "three types of people" and other people who had committed serious mistakes yet still remained in their positions as part of the leading groups. They also promoted a large number of middle-aged and younger intellectuals who possessed both political integrity and ability. Following the consolidation, the members of the new groups were relatively capable, their quality of political thought was better, they were in accord with the demands of the four modernizations and the masses were satisfied. The number of persons in the leading groups of the party and the government has been generally reduced by about 15 percent, the average age of those persons has been reduced from 51-52 years of age to 46-47 years of age and the percentage of persons having an upper middle school or college education has generally risen from about 40 or 50 percent to 60 or 70 percent. The percentage of those having professional positions has risen from 20 or 30 percent to 30 or 40 percent. A rational structure has been basically achieved, specialization has been completed and rejuvenation has been stressed. The majority of the new leadership groups hold unified political views, have inspired enthusiasm and have carried out a united struggle. They have brought forth a new situation as well as a new atmosphere.

Through the consolidation of labor organizations and labor regulations (discipline), the establishment of a new contingent of staff and workers will be strengthened, and favorable developments in factory discipline and practices will be accelerated. Enterprises with relatively good original foundations have all expanded their quotas and raised their quota levels following consolidation. Many secondary workers who did not work under quotas in the past have set their own respective quotas. The use of manhour quotas has generally been reduced by about 10 percent. Through "two stipulations" work, those enterprises with unsound original systems have all established quota management systems and systems of personal responsibility. All of the enterprises have transferred a large amount of surplus labor from their systems. Some of them have strengthened their front lines of production, some have subsidized the needs of new increases in equipment capacity and some have satisfied the need to release young workers from work on a rotational basis for political training or "two aids." Based on the universal establishment of systems of personal responsibility, each unit has promoted the various forms of economic responsibility systems, facilitating various levels of improvement with respect to the phenomenon of egalitarianism in the distribution of bonuses. In particular, the resolution of the problem of "eating out of the big pot" has been fairly evident among production workers who work under quota systems. Many units--the Shanghai No 5 Steel Plant, the Shanghai No 10 Steel Plant, the Shanghai High Pressure Container Plant and so on--have also explored relatively favorable methods for workers indirectly engaged in production and for office personnel who do not work under quota systems.

There have been varying levels of improvement in and strengthening of enterprise standardization, quota calculation, original records, statistics,

scientific and technological files, economic and technological information and other kinds of work. Certain enterprises in which the various phenomena of "electricity confusion," "coal confusion" and "materials confusion" formerly existed have shown distinct improvement. All kinds of basic rules and regulations, including those with respect to planned administration, new product development, quality management and financial accounting, have been revised, enlarged or reestablished. In the large-scale financial inspection that was launched recently, the majority of enterprises that were consolidated did not discover major tax evasion or transgressions of financial discipline. This is a distinct improvement over past situations. The four "overall managements," especially overall planned management and overall quality management, have been developed and improved. Some enterprises have also successfully promoted network planning, project valuation, management by objectives and a few other modern management techniques and methods.

There have been distinct improvements in economic results. Taking the 263 industrial enterprises that have already been approved as being up to standard by the municipal economic committee channels as an example, the average profit realized in the first 11 months of 1983 increased by 2.3 percent over the same period in the previous year. The average amount of profit turned over to the state increased by 3.34 percent, distinctly higher than the figures for enterprises nationwide. If the element of reduced profits is left aside, and is used as a basis for comparison, the majority of enterprises making up the First Bureau of Electromachinery had a gross value of output that was 9.36 percent higher than figures for the previous year. Their profits rose by 16 percent, and their profits to be turned over to the state rose by 17.69 percent. Of the 17 neighborhood enterprises that were taking losses in Hongkou Prefecture, 15 of them have already turned their losses into profits after going through the initial stages of consolidation.

At present, Shanghai No 17 Cotton Mill, Shanghai Machine Tool Factory and others in a group of five enterprises whose consolidation work has been checked and approved and which have been found to be up to standard have all formulated more comprehensive and more constructive consolidation regulations in a timely manner and are striving to join the ranks of the "six good" enterprises.

12582

CSO: 4006/293

ECONOMIC MANAGEMENT

SHANGHAI'S ECONOMIC GROWTH STEADY

Shanghai JIEFANG RIBAO in Chinese 13 Jan 84 p 2

[Text] With the spiritual encouragement of the 12th NPC and under the leadership of the municipal party committee and the municipal government, the people of Shanghai continued in 1983 to adhere to the principle of adjustment of the national economy. Industrial production continued to increase steadily, economic results gradually improved and there was some improvement in the people's livelihood. According to the preliminary statistics of the Municipal Statistical Bureau for 1983, the situation with respect to the fulfillment of the principal targets of the national economy was as follows:

1) Industrial production continued to rise. The gross value of industrial output (in 1980 constant prices) for all of Shanghai was 67.811 billion yuan, 6.5 percent higher than last year and an overfulfillment of the plan to "guarantee quadrupling, strive for quintupling." Of this, light industry output value was 37.742 billion yuan, an increase of 5.2 percent. Heavy industry output value was 30.069 billion yuan, an increase of 8.2 percent. The output of 76 of the 86 major industrial products listed in the state plan overfulfilled their targets. This represented 88.4 percent of the total number of products. The output value of 62 of the products, or 72.1 percent, increased over last year. Textiles and light industries enthusiastically readjusted their product structures, quickened the upgrading of products and increased the production of high-quality brand-name products and all kinds of new products. The output of marketable textiles and other light industry products and consumer electronic products increased substantially. Of this, household washing production increased 92.1 percent, tape recorder production increased 90.3 percent, television production increased 19.4 percent, camera production increased 18.4 percent, bicycle production increased 10.5 percent and sewing machine production increased 9.8 percent. The output of brand-name bicycles, cameras, pressure thermoses, women's watches and 80 other marketable products of the light industry system more than doubled. The heavy industry sector further corrected its service orientation and strived to increase the production of raw materials that were in short supply and of electronic equipment products. It gave priority to fulfilling a complete set of tasks for the state-sponsored key construction projects. The output of steel products, soda ash, cement, plate glass, 10 kinds of nonferrous metals, electricity generation equipment, light industry machinery, steel boats and ships for consumer use and other products all exceeded the state plan, with

varying levels of improvement over last year. The quality of 214 products examined by the city showed a stable improvement of 85.4 percent. The city judged 934 products as high-quality products, an increase of 179 items over last year. Among the 394 products, 76 were awarded state gold and silver medals for quality, up 31 from last year. Through enterprise consolidation, economic results gradually improved. From January to November, the retail income of local state-owned industrial enterprises increased 2.44 percent over the same period last year. The slue of funds for the production of end products fell 4.13 percent, and the rate of production for the whole labor force rose 35 percent. Fixed production costs fell 1.1 percent. However, because of the impact of the readjustment of prices of products and of raw materials, there were decreases in the profits of the state-run industrial enterprises of the principal industrial bureaus.

2) The natural disasters that struck agricultural production were relatively severe, but through hard work favorable results were achieved. There were increases in the output of dairy and fresh-water products over last year. Pork, poultry and eggs on the market surpassed their quotas in the state plan. But there were decreases in the volume of principal agricultural products. Estimated gross value of agricultural output (according to 1980 constant prices) is over 3.8 billion yuan, basically the same as last year. Of this, team-managed industrial output value increased by 16 percent over last year.

3) Communications and transportation completely fulfilled passenger and freight transport plans. The municipal means of water, land and air transport fulfilled a transport volume of 185 million metric tons, an increase of 2.7 percent over last year. Of this, rail transport increased 4.7 percent, the communications bureau's land transport increased 2.9 percent, water transport (including sea, ocean and inland waterway transport) increased 2.1 percent and air transport increased 21.9 percent. Port handling capacity was 91.92 metric tons, an increase over last year of 4.3 percent. All year long, passenger transport was saturated. The number of travelers using civil aircraft and highway transportation is estimated to have reached 28.34 million, an increase of more than 9 percent over the previous year. The sea transport bureaus showed that the monthly average of passengers over the whole year reached 400,000 persons, an increase of 11 percent over the previous year. Through enterprise consolidation, transport departments strengthened transport management, and economic results showed distinct improvement. The overall labor productivity rate of coastal affairs offices increased 3.3 percent, and they completed their annual profit plan 2 months ahead of schedule. Their estimated annual profit was 15 percent higher than in the previous year. The Shanghai branch of the Railway Bureau completed its passenger volume, freight volume and freight income plans ahead of schedule.

4) The scale of investment in capital construction was brought under control. The city fulfilled its capital construction investment quota, and its investment in technological processes increased 11 percent over the previous year. Through the sorting out of the objectives of construction, some local construction projects were either slowed down or halted, and the scale of local capital construction was brought under control. Departments in charge of

house building worked hard to speed up the rate of house building, and they worked especially hard toward completing whole sets of houses. Over the year they easily fulfilled their plan to complete work on 3.5 million square meters of residences.

5) Domestic and foreign trade continued to increase. Domestic markets were brisk, and socialist commodity retail sales for the whole year amounted to 10.664 billion yuan for the entire year, an increase of 12.5 percent. As the people's standard of living continually improved, there was a change in the structure of consumption. After satisfying their demand for the basic resources of livelihood, the people vastly increased their demands for luxury goods and high-quality consumer items. Looking at retail sales of consumer items, sales of food products rose 6.3 percent, clothing products rose 15.5 percent and expendable products rose 12.1 percent. Various kinds of new, upgraded products, new varieties, comfortable and artistic and fine-quality products have been in great demand. Industrial and commercial departments should strengthen their investigations into the market and pay attention to the needs of the market in organizing production and procurement in order to facilitate relatively large increases in sources of marketable industrial products. The gross value of commodities forwarded from the city in the whole year was 12.382 billion yuan, an increase of 4.2 percent over last year. Of this amount, industrial products were valued at 11.975 billion yuan, an increase of 5.2 percent. Foreign trade rose slightly; exports for the whole year fulfilled 94.7 percent of the state plan, an increase of 1.1 percent over last year.

In 1983, at the same time that there were developments in Shanghai's economic construction, a few problems remained. For example, the economic results of enterprises are still not sufficiently ideal. The primary technological and economic targets of a fair number of products lag behind those of neighboring cities and provinces. For a few products, costs have been excessive, and there have been losses. The technological transformation and technological advancement of enterprises are just getting off the ground, and the adaptability of enterprises is still weak. There remains a certain shortfall between the marketable products that can be supplied and the purchasing power of the people. The development of transportation and municipal construction has not yet been adapted to the requirements of economic development and the improvement of the people's livelihood. We should continue to work hard on both of these aspects during the coming year.

12582
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ECONOMIC MANAGEMENT

TIANJIN IMPROVES ENTERPRISE ECONOMIC RESULTS

Beijing CAIZHENG [FINANCE] in Chinese No 3, 8 Mar 84 pp 6-8, 10

[Investigative report by Yu Youhai [0060 2589 3189] of the Tianjin Municipal CPC Committee and the Tianjin Municipal Government: "Leaders Take the Lead in Accepting the Challenge, and Changes Occur in the Economic Results of Enterprises"]

[Text] In 1983 the economic results of the industrial enterprises in Tianjin Municipality were poor at the beginning but improved toward the end. Take profit delivery, for example. From January to July, the amount of profit delivered to the state was very little, averaging only 128.6 million yuan per month. From August to November, the amount increased, averaging 152,445,000 yuan per month. Compared with the earlier 7 months, the amount of profit delivered to the state in the later 4 months showed a sharp increase of 23,845,000 yuan, or 18.5 percent, per month.

What caused this great difference between the earlier and later months? During the investigation in Tianjin, we heard briefings given by the cadres and masses of different trades and professions, including industry, finance, banking, commerce, material supply and the trade unions. From these briefings we learned a common answer to this question, that is; success was achieved by the leading comrades of the municipal CPC committee and the municipal government because they had a clear understanding of the challenge confronting industrial enterprises, they were thinking along the right lines, their measures were effective, they were good at guiding the broad masses of staff and workers to bring into play their subjective initiative, their eyes were focused on the inside to tap potential and they advanced despite difficulties.

Discover Subjective Causes

In the first half of 1983, the industrial output value of Tianjin Municipality increased 6.1 percent, but the profits delivered to the state by the municipality declined 13.9 percent, compared to that of the corresponding period of 1982. The implementation of other economic targets was also unsatisfactory.

Leading comrades in Tianjin Municipality realized that this situation was abnormal and needed to be changed as soon as possible. However, they noticed a considerable number of enterprise cadres had a passive attitude. They always

emphasized that the problem of increased production and reduced profits was caused by objective factors such as the price reduction of certain products, the price increase of raw materials and the limited market of products. They contended that it was good enough to be able to achieve what they had achieved considering the fact that there were so many objective difficulties.

In dealing with this "theory of objective difficulties," the responsible comrades in Tianjin kept cool heads. They held: "For a long time, enterprises were used to depending on the advantages of objective conditions such as inexpensive raw materials, high-priced products, low wages and costs and a "worry-free" market formed by a seller's market and the exclusive selling rights of commercial departments. Today this situation has changed. The backwardness of enterprises in management and technology has been exposed. However, many cadres still stick to the old ideas and methods. Instead of confronting the challenge of the new situation in an active manner, these comrades still fancy that those favorable objective conditions of the past will reappear. They are still calculating stubbornly in accordance with outdated standards. Therefore, when confronting the reality of increased production and decreased income, they either moan and groan and blame everybody and everything but themselves or try to find all kinds of excuses to absolve themselves from responsibility and to comfort themselves." Responsible comrades in Tianjin strongly believed that if the "theory of objective difficulties" is not destroyed, the people's minds will not be emancipated. They believed that is necessary to let the people understand that objective difficulties exist all the time. Hoping that economic results can be improved without having to overcome difficulties is the sluggard's way of thinking, which can never bring about improvement. Unless the subjective causes of poor economic results are discovered, it is impossible to get a clear picture of the problem. Without overcoming the inertia and the passive attitude, it will be very difficult to arouse the revolutionary spirit.

Based on this understanding, the municipal CPC committee and government compared every backward economic target of Tianjin Municipality for the first half of 1983 with the relatively advanced targets of neighboring provinces, municipalities and autonomous regions and, at the same time, urged the backward enterprises in Tianjin Municipality to study where they lagged behind in comparison to their advanced counterparty.

Chen Weida [7115 0251 6671], first secretary of the Tianjin Municipal CPC Committee, pointed out: "Emphasizing the need to discover subjective causes does not mean that there are no objective causes. Factors such as price increases, price reductions and limits imposed on production should all be considered the causes of our problem. Those who do not believe in objective causes are not materialists. But why is it that under the same conditions some enterprises can make improvements and others cannot? This is because it all depends on human effort. It is necessary to make a greater effort to discover subjective causes." Comrade Chen Weida urged those enterprises which had poor economic results to review conscientiously "whether their leading bodies are strong, whether their business policies and decisions are on the right track, whether their market forecasting is accurate, whether they have a one-sided pursuit of output value, whether they have shifted to the

course centered on improving economic results and whether they are afraid of difficulties, unwilling to make changes and trying to lead an easy life."

Work out Solutions during Investigation

Realizing the need to discover subjective causes and accept the challenge of the new situation does not mean we have a solution to our problem. Responsible comrades in Tianjin have noticed that today's enterprises particularly expect their higher-ups to give them practical guiding instructions in line with the new situation. They do not like to listen to words of principle which seem correct but do not solve any problem. This requires leading organs to go deep into the reality and work out solutions while carrying out investigations and studies. For this, the municipal CPC committee and government have organized three mass investigations: In April, about 300 workers in the natural sciences were organized to investigate the issue of the technical transformation of industrial enterprises; since May, more than 240 workers in the social sciences have been organized to investigate 22 special subjects concerning the economic results of enterprises; and since July, over 400 specialists in charge of finance and taxation, bank clerks in charge of credits and government functionaries have been organized to conduct a comprehensive analysis and study of changes in the economic targets of state-run industrial enterprises in Tianjin. So far 690 out of 720 such enterprises have been investigated. Of the three investigations, the last had the best results and greatest impact.

The last investigation shows that in the past few years the economic results of the 690 industrial enterprises have been unsatisfactory in general, and there has been a great disparity among them. If classified by the standards of good, average and poor, 202 enterprises, or 29.3 percent, belong to the first category; 341 enterprises, or 49.4 percent, belong to the second category; and 147 enterprises, or 21.3 percent, belong to the third category. In the last 2 years, when objective conditions were generally the same, the economic results of the second-category enterprises were unstable, those of the third-category enterprises were reduced but those of the first-category enterprises were markedly improved. From 1979 to 1982, the comparable production costs of the 202 enterprises under the first category on the average declined 1.06 percent per year; their labor productivity on the average increased 5.3 percent per year; the turnover rate of their fixed-quota circulating funds on the average accelerated 6.9 percent per year; their profits on the average increased 18.9 percent per year; and their profits doubled in a period of 4 years. The reason that the first-category enterprises can continuously improve their economic results is that they share several experiences. These experience are exactly what the enterprises under the second and third categories lack.

In this investigation, the municipal CPC committee and government gained a concrete understanding of the actual situations and the locations of potential strengths in the economic results of the industrial enterprises throughout the municipality. They also gained a clear understanding of the ways to tap potential and increase income. After knowing how things stand and obtaining the right to speak on the guidance of work, responsible comrades in

Tianjin aired their views one after another on the issue of increasing production and income in industrial enterprises. A municipal mobilization rally was held 2 September 1983. Chen Weida, first secretary of the municipal CPC committee, and Mayor Li Ruihuan [2621 3843 3883] attended and delivered speeches at the rally. They made arrangements and called on the broad masses of cadres, staff and workers to improve economic results and fulfill their tasks of revenue delivery.

In their speeches, the two leading comrades made a very thorough analysis of the current subjective conditions in enterprises. They pointed out where Tianjin lagged behind as well as where its potential lay. They assigned and explained Tianjin's tasks and also set forth measures for fulfilling these tasks. They listed difficulties and introduced the useful good experiences of the Tianjin No 2 Wristwatch Plant, the Tianjin Electric Welder Plant, the Tianjin Seamless Steel Tube Plant, the Tianjin Cable Plant, the Tianjin No 1 Radio Plant and the Tianjin Monosodium Glutamate Plant. They helped enterprise cadres get rid of three fears about difficulties which prevailed among them:

1. Some enterprises contended that their economic results were affected because markets changed too fast and they could not sell their products. Li Ruihuan said: "It is true that markets change fast. However, the facts concerning the Tianjin No 2 Wristwatch Plant and the Tianjin Electric Welder Plant have proved that as long as enterprises have the ability to handle emergency situations and are able to produce marketable products in light of changing markets in a timely manner, they need not worry about being unable to sell their products, and their economic results will be unaffected."
2. Some enterprises contended that they were not able to fulfill their profit targets because raw materials were in short supply and prices and production costs increased. Li Ruihuan said: "The price increases involving raw materials are a protracted tendency. The Tianjin Seamless Steel Tube Plant and the Tianjin Cable Plant have a clear understanding of this tendency. Therefore, when confronting the difficulty caused by the price increase in raw materials, they improved management, carried out technical transformation, strengthened economic accounting and reduced the consumption of raw materials. As a result, instead of declining, profits increased by a wide margin."
3. Some enterprises contended that enterprises could not bear the consequences of the reduction in commodity prices and sales income. Li Ruihuan said: We must notice that the situation in which processed and manufactured goods are overpriced cannot continue for a long time. The real skill of the enterprises is to make profits under conditions where commodity prices continue to decline. Under this very condition, the Tianjin No 1 Radio Plant and the Tianjin Monosodium Glutamate Plant continued to increase their incomes in spite of price reductions by reducing production costs and expanding sales."

With many problems in mind, some enterprise cadres attended the mobilization rally hoping they could reduce the profits delivered to the state. But after hearing what Comrade Chen Weida and Li Ruihuan said, their minds changed. They

said: "The responsible comrades of the municipality know exactly where we stand. The measures they set forth are on the right track. Their remarks are honest and go to the heart of the matter. Therefore, we cannot but be convinced. We will not one-sidedly emphasize objective difficulties any longer. We must find out where we lag behind subjectively and strive to catch up."

Since then, a mass movement to improve economic results and increase income has gradually been carried out in Tianjin Municipality.

Help Grassroot Units Solve Problems

Emphasizing that enterprises should focus their eyes on the inside to tap potential does not mean that there is no need to provide necessary external conditions for enterprises. Among the objective difficulties confronting enterprises, a large number can be solved through their subjective efforts. However, there are also some which are difficult to overcome by the enterprises themselves. They need the help of the departments concerned at higher levels. Simply calling on enterprises to improve economic results will not work if leading organs do not improve their work correspondingly. The responsible comrades of Tianjin Municipality have a profound understanding of this point. Putting themselves in the position of enterprises, they have required that the government work to serve the purpose of improving industrial economic results and have urged Tianjin's party, government and mass organizations to transfer leading cadres to grassroots units to work on bureaus, companies and enterprises on a one-on-one basis by exercising face-to-face leadership so as to overcome bureaucracy and improve the leaders' workstyles with practical action. Twelve mayors and standing committee members of the municipal CPC committee and 37 principal responsible comrades of municipal departments, committees and offices formed 9 investigation groups. Since early September, these groups have gone deep into 24 enterprises having relatively poor economic results to acquaint themselves with the situation and help the enterprises unclog commercial and foreign trade marketing channels, locate the supply of urgently needed materials and funds, consolidate and readjust leading bodies, strengthen ideological and political education, improve management and administration and study the direction in which products should be developed. By doing so, they have created a substantial change in the appearance of the 24 enterprises. These enterprises have reversed the declines in their incomes. In September and October 1983, the amount of profit actually made and the amount of profit delivered to the state by these enterprises increased 56 and 65 percent, respectively, compared to the period between January and August 1983.

While dispatching the investigation groups, responsible comrades in Tianjin sought a comprehensive understanding of the common problems that needed to be solved to increase industrial production and income in Tianjin Municipality. They did what they could to solve the problems of the enterprises and create conditions for the enterprises to increase production and income.

Led by Comrade Li Ruihuan, the leading cadres from 19 departments under the municipal government in late September 1983 went to work at the Bureau of

Chemical Industry, the Bureau of Textile Industry, the First Bureau of Light Industry, the Second Bureau of Light Industry, the Bureau of Medical Industry and the First Bureau of Machine-building Industry. They solicited opinions and demands and helped solve difficulties in production and management. During the 6-day period, they solved problems in power supply, foreign trade and exports, technology transfer, industrial and commercial coordination and funds and increased the production of commodities in short supply. By so doing, they made it possible for the enterprises subordinate to these bureaus to fulfill their tasks of increasing production and income under better conditions.

Staff and Workers Go into Action

The idea that Tianjin's responsible comrades take the lead to meet approaching difficulties head-on has moved "God" and aroused the broad masses of cadres, staff and workers throughout the municipality. Cadres at all levels have gone to the frontline of production one after another. The "theory of objective difficulties" once prevailing among enterprises is disappearing.

The slogan "accept the new challenge and work hard to increase production and income" is striking roots in the hearts of the people. The No 1 Cotton Mill, whose income was substantially affected by such factors as the price reduction of chemical fiber, made a plan at the beginning of 1983 to make 13 million yuan in profits, which for a while was considered difficult to fulfill. Later, the staff and workers of the mill compared themselves with advanced enterprises to see where they lagged behind, discovered their potential to increase income and raised their profit target to 16 million yuan. Then, all the staff and workers of this mill conscientiously discussed the dialectical relations between objective difficulties and subjective efforts, made great efforts to increase the ability of their enterprise to handle emergency situations, adapted their products to market changes and raised their profit target yet again to 18 million yuan. After that, they took another step to offer ways and means to continue to tap potential in the management and technology field and raised their profit target once more to 20 million yuan.

Enterprises under the First Light Industry Bureau also encountered great difficulties caused by the price reduction of products and price increases of raw materials in 1983. Because of this, some comrades sighed: "The golden age of light industry is over." However, spurred on by the municipal CPC committee and government, the cadres, staff and workers quickly pulled themselves together. The proposal "make up the losses caused by objective factors by tapping potential with subjective efforts" which was put forward by the No 2 Bicycle Plant became a call for common action by all enterprises under the bureau. Especially in September and October, both production and sales boomed. Both production and income increased, and the monthly profit delivery level increased 35 percent compared to that in the first 8 months.

The enthusiasm of the socialist emulation drive to "be a master, make suggestions, oppose waste, tap potential and increase efficiency," which was

initiated by the general trade union, is now spreading rapidly among the broad masses of staff and workers in Tianjin Municipality.

Victory belongs to those who are unafraid of difficulties and who advance in exploration. The economic results of the industrial enterprises in Tianjin are rapidly changing. Compared with 1982, the profits delivered by Tianjin to the state declined in the first 7 months. However, this situation is over. In August, September, October and November, the situation in Tianjin was getting better and better. In December, there was a slight decline. Profits delivered to the state in 1983 surpassed the annual profit plan by over 1.5 billion yuan.

Of course, there will be new problems and difficulties in the course of the advance. However, since the cadres, staff and workers have become fully prepared mentally to encounter the new challenges, their state of mind is different than it was in the past. Although there are still some people who fear difficulties, there are more people who use their brains now to overcome difficulties.

12302

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ECONOMIC MANAGEMENT

LIAONING ADOPTS MEASURES TO REDUCE DEFICITS

Beijing CAIZHENG [FINANCE] No 3, 8 Mar 84 pp 11-12

[Article by the Liaoning Provincial Economic Commission and the Liaoning Provincial Financial Office: "It Takes Great Efforts to Turn Deficits into Profits"]

[Text] In 1982 there were 555 industrial enterprises operating at a loss in Liaoning Province. Their deficits totaled 237 million yuan, third highest in the nation, and were equivalent to 6 percent of the total amount of profit handed over to the state by the whole province that year. The existence of these money-losing enterprises on the one hand ate away a portion of the state revenue and on the other hand affected the economic results of the advanced enterprises by competing with them for energy resources, raw materials and markets. In this sense, the state revenue affected was far more than the 237 million yuan. These enterprises suffered chronic deficits and lived off state subsidies. They boosted the inert practice of eating from the same big pot. They made the staff and workers contingent listless and organizational discipline relaxed. This is also a kind of corruption in the enterprises and among the staff and workers.

To reverse this situation, at the beginning of 1983 the provincial CPC committee and the provincial government considered turning enterprise deficits into profits as a formidable task of the economic work and adopted a series of effective measures which have now scored definite achievements. By the end of 1983, the number of money-losing state-run industrial enterprises in the province declined to 247, a 55.5 percent decrease, and their deficits declined to 119,970 yuan, a decrease of 7 percent more than the command target of 40 percent transmitted by the State Economic Commission and the Ministry of Finance to Liaoning Province.

Major measures adopted by Liaoning Province to turn deficits into profits since 1983 are as follows:

1. Make a great determination to have leaders at all levels personally attend to this work. At the end of 1982, the provincial CPC Committee clearly pointed out that in 1983, the number of enterprises suffering deficits caused by poor management and the amount of their deficits should "both be reduced by one half" and that in 2 years deficits caused by poor management

should be essentially eliminated. At the beginning of 1983, the provincial CPC committee and the provincial government again issued a circular calling for efforts to classify money-losing enterprises, analyze them one by one, discover the causes of their losses and work out solutions. In addition, provincial newspapers were asked to publish the name list of enterprises with large deficits on a regular basis. Leaders at all levels in the province also personally attended to the work of turning deficits into profits. Led by the mayor, comrades of the departments concerned in Fuxin City conducted "group consultations" on every money-losing enterprise. New members of the Anshan City CPC Committee considered turning deficits into profits as an important content of the work to improve economic results as soon as they assumed office. Leaders in Yingkou City adhered to "three conscientiousnesses"--conscientiousness in mobilizing the masses, conscientiousness in organizing and formulating measures to turn deficits into profits and conscientiousness in going deep into the grassroots units to help solve problems. At the end of July 1983, a provincial industrial and communications work conference was held. On the basis of summing up the work of turning deficits into profits carried out in the previous period, the conference took a further step to put forward concrete ideas and policy-related rules and regulations on enterprise readjustment and to enhance the work of turning deficits into profits. After the conference, the provincial authorities formed special working bodies to handle the work of turning deficits into profits and of enterprise readjustment simultaneously. The provincial authorities also assigned work groups to 10 enterprises having large profits and 10 enterprises having large deficits to help them fulfill their plans designed to turn deficits into profits. At the same time, four work teams were sent to different localities to investigate, supervise and encourage money-losing enterprises.

2. Readjust and consolidate the leading bodies of the money-losing enterprises. Most leading bodies of money-losing enterprises are inefficient. Some cadres are incompetent, have low standards and are unqualified for the leading work of the enterprises. Others are despondent about revolutionary undertakings, give no serious thought to anything and lack an enterprising spirit. A small number of people are extremely selfish and resort to dishonesty. These people often cause losses to enterprises under their leadership no matter where they are assigned. The masses call them "plant directors of deficits" and "secretaries of loss." Without readjusting and consolidating the leading bodies of money-losing enterprises, it will be impossible to start the ball rolling in the work of turning deficits into profits. In early 1983, the provincial CPC committee made a clear announcement that all leading cadres of those enterprises which are able to turn deficits into profits but have failed to do so may submit resignations or will be removed from their posts on the spot. They will not be allowed to assume the same posts in other places. This measure has shocked leaders of the money-losing enterprises. Firmly adhering to this spirit of the provincial CPC committee, all localities have chosen "sensible persons" to run plants and replace weak, sluggish and listless cadres. Since 1983, the leading bodies of 195 money-losing enterprises have been readjusted in Liaoning Province, with 228 additional cadres at the plant level assigned to money-losing enterprises, 135 newly promoted, 63 removed from their posts

on the spot and 155 transferred to other posts. The former secretary of the general party branch of the Dandong City No 1 Knitting Mill, which has a large deficit, has been transferred back to this mill and removed from his post on the spot by the Dandong City Government. The director of this mill has also been removed from his post at the same time. Although not very many cadres have been removed from their posts on the spot, this measure has demonstrated the policy of clear rewards and punishment, has boosted morale and has created great effects. After 11 money-losing enterprises in Jinzhou City readjusted their leading bodies, 5 have turned deficits into profits and the other 6 have also reduced deficits by different margins. The Kaiyuan Paper Mill once suffered deficits for 18 consecutive months. It was on the brink of bankruptcy and had to live off bank loans. In March 1983 the provincial first light industry bureau sent out a work group headed by a deputy director of the bureau. Starting with the consolidation of the leading body and relying on "sensible persons" to run the mill, this work group focused on labor discipline, technical transformation and management and implemented the economic responsibility system in the mill. Shortly, this enterprise was "brought back to life" and began making profits.

3. Exercise strict control over deficit targets and implement responsibility systems at all levels. In the past, Liaoning Province also transmitted deficit targets to all levels, but it always subsidized all deficits regardless of the amount at the end of the year. Since no pressure was imposed on enterprises and departments in charge, some failed to turn deficits into profits even if they had the ability to. In 1983 Liaoning Province stipulated that regions and departments should settle accounts at the end of the year in accordance with the deficit control targets transmitted to them. The reduction of deficits should be studied in light of the system. Fixed-quota subsidies should be given to enterprises whose losses are caused by policies or special reasons. Enterprises should be allowed to retain or share a certain percentage of their profits if their deficits are reduced. Excessive deficits should not be subsidized. It was also stipulated that state revenue will not be used to subsidize deficits of those enterprises which begin to lose money in 1983 and newly increased deficits of those enterprises which began to lose money in 1982. This is a effective measure. It has changed the year-long practice of "eat all you can" in handling deficits and thereby has aroused the enthusiasm of all localities and enterprises for turning deficits into profits.

4. Conscientiously consolidate enterprises, raise the managerial level and implement the economic responsibility system in the enterprises. In view of the widespread problems in money-losing enterprises such as imperfect rules and regulations, confused management and lax labor discipline, Liaoning Province focused its main efforts on enterprise consolidation, strengthening infrastructure work and raising the managerial level. In 1982 the Qingyuan County Chemical Fertilizer Plant suffered a loss of over 1.8 million yuan, and its coal consumption was over 3,000 Kg. In 1983, responsible comrades of the county industrial and communications department and the economic commission were designated leaders of this plant by county authorities. They concentrated on enterprise consolidation work, established and perfected rules and regulations, implemented the economic responsibility system and raised

the managerial level of the plant. After a short period, this plant began to increase production, reduce consumption and turn deficits into profits.

5. Combine the work to turn deficits into profits with the readjustment of enterprises. Enterprise deficits are caused by poor management. They are also closely related to the irrational organic structure of enterprises. Some enterprises are the result of blind development. They do not have production conditions. They are bound to suffer losses. Some products are manufactured by many enterprises. Due to excess production capacity or a short supply of raw materials, some enterprises are bound to lose as a result of jostling with each other. Therefore, to turn deficits into profits, efforts should be made to improve microeconomic management and solve problems concerning macroeconomic management. In 1983, Liaoning Province reorganized and integrated these enterprises in accordance with the need for specialization. A total of 24 money-losing enterprises were closed and suspended, 10 were merged and 27 were retooled. Some enterprises succeeded in turning deficits into profits after being divided into two smaller accounting units.

6. Open up avenues for production, develop new products and strengthen technical transformation. The deficits of many enterprises are caused by unmarketable products and a serious shortage of production tasks. In view of this problem, Liaoning Province urges departments in charge to help enterprises readjust production direction and develop new products as soon as possible. At the same time, it also urges enterprises to open up avenues for production and save themselves by coordinating, supplementing and providing labor services for the enterprises, trades and professions urgently needing to be developed. The Guodishan Iron Mine in Yingkou City, established 12 years ago, suffered losses for 11 years with a deficit of 12 million yuan. In 1982 this mine lost 1.35 million yuan. In 1983 it opened up a new avenue for production by transferring a number of staff and workers to contract the project of reclaiming land from the sea for port construction. In the second quarter of 1983, it made 360,000 yuan in profits. After reducing its losses in the first quarter, it still had 42,000 yuan in profits. Enterprises whose products are needed by society still suffer losses because of incomplete facilities and backward technology and production skills. Regarding these enterprises, Liaoning's principle is to revive them. It is stipulated that annual deficit subsidies may be granted in advance to such enterprises to carry out technical transformations. Fushun City returned 2 million yuan of revenue to eight money-losing enterprises in advance. Most of the 18 transformation projects carried out by these enterprises already have produced the desired results. In 1982, the Jinzhou Carbon Plant lost 170,000 yuan. In 1983, based on a deficit target set at the beginning of 1983, 100,000 yuan of annual deficit subsidies were given to this plant in advance. With this money, the plant carried out technical transformations and turned deficits into profits in June.

7. Help enterprises create necessary external conditions. Some chemical fertilizer plants in southern Liaoning have a relatively high managerial level compared to their counterparts in the province. These plants suffered

losses because of a limited supply of electricity, while the power supply for their counterparts with high consumption levels in other localities was guaranteed. This is obviously very irrational. In 1983, Liaoning Province basically guaranteed a normal supply of electricity to the relatively advanced chemical fertilizer plants in southern Liaoning and helped them quickly remove the label of deficits.

12302

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ECONOMIC MANAGEMENT

JINGJI YANJIU DISCUSSES CIRCULATION OF MATERIALS

HK120813 Beijing JINGJI YANJIU [Economic Affairs] in Chinese No 4, 20 Apr 84
pp 48-53

[Article by He Yuanlu [0149 0337 6922]: "Economic Results of the Circulation of Materials"]

[Text] Good or bad results of the circulation of materials exert a great influence on the development of the national economy. In recent years the enlivening of the circulation of materials, centering on improving economic results, has made certain progress, but this is only a beginning. The outstanding problem still consists of the poor economic results of the circulation of materials. In order to open up a new phase for improvement of the economic results of the circulation of materials, it is necessary to further probe into the problem.

I

The process of social reproduction consists of four stages, namely: production, distribution, exchange, and consumption. Marx pointed out: "Production is manifested as the starting point, and consumption, the end point. Distribution and exchange are manifested as the middle stages." (Footnote 1) (Marx: "Preface to Critique of Political Economy," "Selected Works of Marx and Engels," Vol 2, p 91) Hence, along with the development of social production and with the social division of work becoming increasingly minute, in order to maintain the normal progress of production, exchange of products between the enterprises has become increasingly frequent and complex, and the scale of commodity circulation has increased. That circulation of materials in our country has become an organic part of socialist commodity circulation is a natural result of the division of work in production and the development of exchange. At the same time, since the progress of social reproduction is the unification of the production progress and the circulation process, production and circulation likewise constitute an economic process that is mutually dependent and mutually controlled or restricted. The position occupied by the circulation of materials at the middle stage, which links production and consumption, determines that it plays the role of a bridge and bond between production and consumption and that it either facilitates or impedes the development of production.

The so-called economic results of the circulation of materials refer to the relationship between labor consumption and the volume materials supplied in the course of organizing the circulation of materials. The supply volume of materials is manifested by the value and use value of materials realized through the circulation of materials. The special feature of our country's socialist circulation of materials determines that it embodies two parts, namely, supply volume of materials in direct shipment and supply volume of materials in transshipment, both of which directly reflect the degree of assurance for meeting social needs. Labor consumption is manifested by the consumption of materialized labor and living labor in the process of organizing the circulation of materials. Where a definite condition of labor consumption exists, the larger the volume of materials supplied, the better the economic results of the circulation of materials. Contrarily, the lower the volume of materials supplied the poorer the economic results of the circulation of materials.

Whether or not production and construction can progress smoothly is determined by various factors. Of these, the extent of the availability of materials that can be ensured is one of the major factors. This is because the materials themselves constitute an important factor in production. Under the conditions of modernized large-scale production, if there is no circulation of materials, then it will not be possible to closely combine the production process of individual enterprises to form the social reproduction process; if the supply of materials is not on time, correct, complete, or comprehensive, and good in quality, rational, and economical, then production cannot be carried out smoothly and normally, and interruption in the supply of materials may cause a delay in production and construction, thus seriously affecting the development of the national economy. If economic results can be improved in the various stages of management and control, including forecasting of the market's demand for and supply of materials, thus affecting overall balance, distribution, transportation, warehousing, preservation, maintenance, and supply it will be possible to solve the time lag of materials in the circulation process and completely satisfy the demand for materials in production and construction. On the one hand this illustrates the swiftest realization of the creation, in the production process, of the actual value and use value of material wealth and the speeding up of the combined process of social production and the commodities conversion process into money, thus enabling labor consumption in the production process to be speedily compensated and economic results to be satisfactorily realized through the circulation of materials. On the other hand, it signifies that the speed, direction, scale, and structure of the circulation of materials conform to the speed, direction, scale, and structure of the production and construction, thus enabling the mutually related and mutually restricted economic processes of production and circulation to become closely united and work together in unison to facilitate the development of the national economy. Viewed in this context, under the conditions of modernized large-scale production, if the circulation of materials lacks good, high speed, there is likewise an absence of such speed in the development of production. If there are no continuously improved economic results in the circulation of materials, it will not be possible to have continuously improving results in the national economy.

Social production and demand are of a complex nature and consist of many and varied forms. The position occupied by the circulation of materials in the national economy puts it in extensive and direct contact with the various phases of social production and demand and may be said to include most of the conditions of social demand. Improvement of the economic results of circulation of materials is tantamount to improving the quality of the service rendered for production. It can supply timely and correct information to production concerning the demands of society so that production can respond to social needs, grasp the changes and trends of the market, make the necessary judgement and decision, guide and facilitate production to organize itself in line with the volume, variety, specifications, and time schedule of the supply of materials needed by society, thus increasing the volume of products and improving their quality. This will closely link production with consumption, ensure meeting social demands, and eliminate the stockpiling of products. It will enable a designated quantity of materials to serve the highest purposes.

Under socialist conditions, movements of materials are equivalent to movements of funds. This being the case, with the speed of the circulation of materials and the turnover of funds being increased, the volume of funds in use can be reduced. Practice has shown that it is entirely possible to reduce the volume of funds in use in the circulation sector. In recent years materials departments, under the guideline of implementing the policy of serving production, have done much work in fixing the volume of purchases in accordance with marketing needs, making swift purchases and swift sales, reducing the volume of goods held in stock, and so on. It is preliminarily estimated that in 1983 the number of days for the turnover of circulating funds was shortened by 51 days over 1979, 42 days over 1980, 36 days over 1981, and 6 days over 1982. It is also estimated that in 1983 the amount of circulating funds in use was reduced by 18.3 percent compared with 1979, 12.8 percent compared with 1980, 6.7 percent compared with 1981, and 4.4 percent compared with 1982. These figures show that much can still be done to improve the economic results of the circulation of materials and that they carry a great significance.

Generally speaking, labor consumed in realizing the circulation of materials is the necessary labor of society. Improving the economic results of the circulation of materials helps to lower the consumption of manpower, materials, and financial power in the process of the circulation of materials; practice economy in social labor; reduce the use of funds; lower the cost of production of the supply and prices of materials; and lower the cost of production and construction, thus playing an important role in facilitating the development of the national economy. Hence, under the logical premise of thoroughly implementing the state's guidelines, policies, and regulations for the collection of fees, the faster the speed of the circulation of materials, the lesser the amount of funds in use, the lower will be the expenses, the greater the profits realized, the larger the state accumulations, and the greater the contributions to the state. These are all precisely the results of improving the economic results of the circulation of materials. Improving the economic results of the circulation of materials embodies not

only improving its own economic results but also the social economic results. On one hand it represents the objective demand of the development of socialist economy, and on the other hand it further expands and perfects the objective demands of the socialist circulation of materials.

II

At present, for the purpose of improving the economic results of the circulation of materials and finding a correct road for improving the economic results of such, it is necessary to first find out what the major problem is that affects such an improvement.

In our opinion there are many factors that affect the economic results of the circulation of materials, but the slow speed of the circulation at present is the principal problem impeding improvement in this in our country. In recent years the turnover period of our steel products in the warehouses has been maintained at around 8 months and thus the turnover rate is at most once a year. The turnover period of electrical goods in the warehouses is as long as 18 months. This sufficiently illustrates our point. According to information, the turnover period of stockholding of steel products and electrical wares in Japan is only a little over a month. There is thus a great disparity in this regard between our country and other economically developed countries like Japan. Narrowing this gap provides precisely the potential for improving the economic results of the circulation of materials.

The length of the stopover time of materials in the circulation sector indicates the high or low speed of the circulation of materials. A slower speed means a longer period of time required for conversion of the potential production elements into realized production elements, and if the input of materials into production is small, the speed of the development of production will be slow. This is because "circulation time and production time repel each other. Capital in the process of circulation does not perform the function of production capital. Therefore, it does not produce commodities and also does not produce surplus value." (Footnote 2) (Marx: "Das Kapital," Vol 2, People's Publishing House, 1975 edition, pp 141, 142) Hence, shortening the circulation period of materials can increase the time period for production and raise the labor productivity rate. Marx further pointed out: "If the circulation period is zero or approaches zero, then the function of capital is greater, the productivity rate of capital is higher, and its automatic growth is larger," (Footnote 3) (Ibid) This fully illustrates that speeding up the circulation of materials and shortening the circulation time of materials and reducing labor consumption and use of capital in the sector of circulation of materials can bring about an increase in labor and capital in the production sector, increase the state's accumulations, expand the scale of production, and facilitate production development.

In our country, the slow speed of the circulation of materials, the large amount of funds involved in the process, the high expenses incurred in the circulation of materials and the serious state of stockpiling and waste have greatly impeded improvement of the economic results of the circulation of

materials and development of the national economy. For example, in the case of steel products in our country, on the one hand they seem to be short in supply, while on the other hand much stockpiling is still in evidence. Similarly, the stockpiling of electrical machinery goods is appalling and some of the electrical products have already lost their use value. According to initial 1982 estimates, for the whole country the value of electrical machinery products that must be reported as obsolete amounted to nearly 10 billion yuan. If they were not abandoned as obsolete, then the annual warehousing charges alone would amount to 60 million yuan and the maintenance and upkeep expenses, nearly 100 million yuan. These losses are visible ones such as wear and tear, upkeep, and warehousing, but the losses caused by the invisible wastage of the electrical goods have not been included, which, in effect, can hardly be estimated. Hence, speeding up the circulation of the materials and shortening the circulation period constitute the key to improving the economic results of the circulation of materials, and whether the circulation time is long or short is a criterion to measure the good or bad economic results of the circulation of materials.

The basic cause bringing about a slow speed in the circulation of materials may be ascribed to the materials control system's failure to conform to the objective demands of economic development. Beginning in the 1950's to before the 3d plenary session of the 11th CPC Central Committee, our materials control system was designed according to the theory that the means of production are not commodities and cannot circulate in the market, and their distribution and apportionment must be organized on the basis of the administrative zones and by the grades or sections of the business departments concerned. The state materials control department, various departments of the central government, and departments at various levels in the localities all had their own structure for materials control and their own structure for materials supply. The procedures for apportionment and supply were extremely complex, holding each other in check and being extremely low in efficiency. Moreover, with each trade and department level setting up its own warehouse and with the many circulation stages and inflexibility in the transfer and movement of materials, the limited amount of materials available became all the more segregated and the "goods simply were dead upon arrival." The results were: low speed in the turnover of materials, expenditure of huge sums, and high expenses. On one hand supply lagged behind demand, and on the other hand a stockpiling and waste existed. This state of affairs impeded the development of the national economy and must not be continued.

Since the 3d plenary session of the 11th CPC Central Committee, although we have determined in theory that socialist production is commodity production and that the means of production and the means of livelihood are both commodities and can enter into circulation in the market, there is still one problem that has remained unsolved: how to organize the circulation of materials and enliven the circulation in accordance with the principle of taking planned economy as the leading factor and regulation by market mechanism as a supplementary factor. The serious situation above of the massive existence of control organs and supply organs and the disintegration of control has not been basically rectified, and cases of redundant establishment of supply organs

have continued to increase instead of decrease. For example, in Tianjin alone, there are over 90 materials control and supply organs subordinate to the central government or to the locality. The existence of too many circulation stages and of other problems, such as some enterprises undertaking production without minding actual needs or engaging in redundant production and/or construction outside the state plan or, without authorization, using and marketing materials coming under the unified distribution plan of the state, and so on, has further brought disorder to the management of materials, thus adversely affecting the arrangements for and enforcement of the materials distribution plan of the state and fulfillment of major construction projects. Some materials enterprises sadly lack a correct understanding of enlivening the circulation of materials and improving the economic results and are unable to correctly handle the relations between the enterprise and the state and between the enterprise and other enterprises, with the result that as soon as the circulation of materials is enlivened, there appears the trend of "once loosened, disorder follows." Hence, regarding the system, how to solve the long-standing problem of unification or division, life or death, is an extremely important task confronting the improvement of the economic results of the circulation of materials.

At the same time we must clearly see that people, influenced over the past 20 years by the unitary system of the planned distribution and supply of materials, have become used to the past practices. Regarding organization of the circulation of materials according to the demands of economic laws and the principle of taking planned economy as the leading factor and regulation by market mechanism as supplementary, they still meet with many new problems and lack the necessary experiences. They need a renewed understanding, conversion of their thinking, and adoption of new measures suited to the changed conditions of economic development. Nevertheless, we cannot afford to wait but must be bold in creation and reform in order to build up a new situation for improving the economic results of the circulation of materials.

In addition, the materials control departments and the enterprises responsible for organizing the circulation of materials lack a true understanding of the social demands and lack market forecasting and information, resulting in acting in a more or less blind manner. A blind character of circulation leads to and increases a blind nature in production, and implants a passive state on the circulation of materials. At the same time, due to the poor quality of the overall balance between material resources and demand, a stringent state in the supply of materials has resulted, and large-scale stockpiling has likewise appeared. In the past we did very poor and insufficient research work on how to grasp market demand and changes in time to enable the limited resources to play their utmost role. This is also a factor affecting the improvement of the economic results of the circulation of materials.

A review of the past disclosed that an important lesson in work concerning materials is that attention was fostered on control and not on management, that it was devoted to "using receipts to meet expenses and balancing of receipts and outlay," without regard to the economic results, particularly

socio-economic results, and that egalitarianism in distribution was practiced and "everyone ate from the same big pot." As a result, the enthusiasm of the masses of staff members and workers could not be aroused. Frequently, whatever was produced was purchased and supplied, making the "long-term" even longer and the "short-term" even shorter and freeing departments and the enterprises in charge of materials control from any economic responsibility for the stockpiling and waste of materials. Therefore, in order to improve the economic results of the circulation of materials, it is necessary to solve the above problems.

III

From the above analysis we can clearly see that the potential for improving the economic results of the circulation of materials in our country is indeed very great, and that at present the urgent problem is to speed up the circulation of materials. How is it possible to achieve the objective of speeding up the circulation of materials and improving economic results?

In my opinion, we must first start by reforming the system of materials control and find a new road of materials control in the direction of the operation and control type. In the past 30 years or so, although the materials control system in our country has gone through many reforms, be it tightening or loosening or a combination of both, what was actually done was patching here and there to strengthen control. It is true that emphasis is now placed on making the materials departments play the dual role of control and management, yet in reality management must be subservient to control and control still plays the leading role. Some specialized companies bear the title "corporation," but in reality still perform the function of a control organ. Even in the case of certain materials enterprises at the grassroots level, they still do not completely follow the demand of carrying out their economic activities in bona fide enterprise fashion but rather devote their major attention to how to perform a good job of the control of materials. Thus, all the changes made in the past revolved around the distribution of certain material "power," and this distribution was frequently the direct cause affecting the improvement of the economic results of the circulation of materials. If this condition is not basically changed, then even if the economic results of the circulation of materials improved for a certain period and under certain conditions, they would still be extremely limited, and, upon reaching a certain stage, might be impeded.

In order to solve this problem the reform of our system of materials control should proceed in the direction of making it an operation and control type. A clear understanding of the basic function of a materials department as the management and control of the means of production implies that strengthening control is for the purpose of doing a good job in the management of the means of production. This is because under socialist conditions the circulation of materials as a constituent part of the entire commodity circulation system in effect involves the commodity exchange process, using money as the medium. Seen from the whole socialist reproduction process, irrespective of whether the circulation of materials is realized by direct supply or supply via

transshipment, fulfillment of the transfer process from production to consumption must come under the restriction of the law of value. It is thus necessary to link the circulation of materials with the whole socialist production and the whole socialist market. On the basis of doing a good job of market forecasting and by means of such measures as planned control of the circulation activities; effecting an overall balance and liaison between production and demand; and raising, rationally using, and speeding up the turnover of management funds, we should bring about an effective control and regulation of the whole materials circulation process. We should apply the utmost speed and use minimum manpower, material resources, and funds to accomplish the transfer of materials from production to consumption for the ultimate realization of the value of materials and their use value. We should make the circulation of materials become a truly constituent part of socialist commodity circulation and social reproduction and, in accordance with the principles governing commodity production and commerce, organize the management and control of the circulation of materials.

At present the first step in organizing the circulation of materials in accordance with the materials control system, which follows the operation and control pattern, is to organize the circulation materials on the basis of the distribution of the productive force, the economic relations formed in history, the rational direction of the flow of commodities, and the choice of economically relatively developed cities and towns in the economic divisions. This is an effective measure that breaks through administrative zones; breaks up the state of partitioning of materials; eliminates roundabout transportation proceeds in the same direction, or is redundant; shortens the distance in transportation; reduces the consumption of materials; speeds up materials circulation; smooths out the flow of goods; and promotes the development of production. In reality, as early as in 1963 in Xuzhou and other localities bordering on the provinces of Shandong, Jiangsu, and Anhui, our country had already set up trial points for materials circulation on the basis of economic zones, and the superior points were summarized as "centralization of materials, reduction of stages in circulation, timely supply, economy in expenses, high efficiency rate of transport tools, and lowering of production cost of products." Relatively good economic results were thus attained. Unfortunately, due to the intervention of the "Great Cultural Revolution," these trial points and their expansion were disrupted and organization of materials circulation in accordance with the administrative districts was resumed. Consequently, the economic results were poor. In recent years, following implementation of the measure of organizing the union of production and circulation centering on the economically more developed cities and towns, other measures adopted were: the materials departments of cities and towns creating a unified organization of the supply of materials to enterprises in the localities, rationally readjusting the direction of the flow of materials in the outskirts and surrounding areas of central cities and towns, expanding the system of placing direct orders by materials enterprises in cities and counties, rationally establishing materials transshipment stations in localities relatively distant from cities and towns, setting up materials transfer and adjustment networks in cities and towns and in neighboring localities of provinces, municipalities, and autonomous regions, establishing

central supply stations in certain cities and towns, and so on. All these measures were attempts to organize the circulation of materials under the operation and control pattern. It is necessary to continuously summarize the experiences gained by the use of these measures.

Second, it is necessary to firmly insist on implementing the policy of work on the handling of materials "starting from production and serving production," and to clearly understand the guiding thoughts on management and service. The status and function of materials circulation in the national economy determine that serving production is its basic task and direction and provide the motivational force and the guarantee for improving the economic results of the circulation of materials. The purpose of our carrying out reforms on the control system of materials is to better solve this problem. Practice has shown that in the circulation of materials, whenever this policy is insisted on the economic results are good, but that whenever we go against it the economic results are poor. In the past, because we lacked a sufficient understanding of the important significance that the circulation of materials should serve for production, awareness was frequently missing in our work. At times we only cared for our own conveniences and gave no thought to the demands of production. But in the reform, certain materials enterprises were able to firmly grasp this problem and discover the way to improve. On the foundation of doing a good job in forecasting the demands of the materials market, they completed an overall balance, determined the method of distribution and the method of the supply for the best kind of materials, and, regarding the major construction projects, they instituted the system of contracted supply of accessories. At the same time they undertook sundry and diversified measures to satisfy the production demands such as supply of parts, sale and rental of materials, establishment of service teams, and good performance of the job of investigation and inquiries. They strove hard to reduce the wear and tear of materials in the course of warehousing, unloading, and upkeep, and handled well the construction of the basic technical facilities for the circulation of materials such as warehousing and transport, thus strengthening cooperation and coordination with the communications and transportation departments and achieving a close link between production and demand. They managed to care about what production does and think as production thinks, providing facilities to the users and patrons and thereby displaying the role of the circulation of materials in promoting production.

In addition, through doing a good job in materials circulation, we can lead production to progress in the correct direction and effectively curb blind production and blind construction. We must be able to truly reach the objective of controlling supply, controlling use, and controlling the practice of economy, so that best use is made of the limited amounts of materials available. This is also a manifestation of "taking production to start with and serving production," and also builds a firm foundation for improving the economic results of the circulation of materials.

Third, socio-economic results should occupy the primary position. The relations between the economic results of materials enterprises and of materials

departments and the socio-economic results are those of the part versus the whole. In this view, the economic results of the circulation of materials are shown in the materials enterprises and the materials departments, are manifested in the production and construction departments, and in the end are demonstrated in the socio-economic results. Therefore, when assessing the economic results of materials circulation, we must not only see whether or not the economic results of materials enterprises and materials departments have been improved, but, more importantly, whether or not improvement of the socio-economic results has been facilitated through improvement of the economic results of the department or enterprise concerned. Indeed, whether or not improvement of the socio-economic results has been facilitated should be taken as the principal criterion of the assessment.

Materials departments and enterprises, along with production departments and enterprises, cannot avoid discussing profits. If profits cannot be realized, then the profits remittance tasks assigned by the state cannot be fulfilled. This will affect fiscal revenues and may even increase the burden of the state. Profit retention by the enterprises and the material interests of staff members and workers are also affected. This would be extremely detrimental to the state, the enterprise, and the staff members and workers. Unfortunately, some enterprises bent on the search for personal profits so as to increase their own profit retention and award have resorted to measures such as unauthorized raising of the level of fees and prices of materials. This is not right, because the use of an improper method to "increase" profits, viewed from the smallest angle, may appear to be improving the economic results. In reality, it is picking a hole in the wall of the state and may culminate in affecting and disrupting the development of the macroeconomy. Hence, the principle that must be observed in the search for economic results of the circulation of materials is to correctly handle the relations between the part and the whole and unify the economic results of microeconomy with those of macroeconomy. In the event of a conflict between the economic results of materials enterprises and socio-economic results, the former must be consciously subservient to the latter and must do the utmost to satisfy social needs. Only in so doing is it possible to truly display the role of the circulation of materials in the national economy. The more materials enterprises can satisfy social needs, the better will be the economic results of materials departments and materials enterprises.

Fourth, the quality level of personnel engaged in materials work must be improved. Comrade Deng Xiaoping pointed out: "Control of materials is an important branch of learning. It involves technical know-how and requires the service of experts." In improving the economic results of the circulation of materials, an urgent task is to train, and put to rational use, a large squad of personnel specialized in materials control who have attained a relatively high level in politics, are imbued with high ambition and a high sense of responsibility, are in full grasp of and well versed in modern theory and method on the control of materials, possess wide knowledge, and are continuously anxious for advancement. Due to the effects of being subjected for a prolonged period to the influence of stressing production but slighting circulation and emphasizing technology but overlooking management

and control, the training of personnel for materials management and control in our country may be said to have been the weakest link in personnel training as a whole. This is an important cause for the low level in management and control of materials in our country and the poor economic results of the circulation of materials.

At present there are over 600,000 staff members and workers in the materials departments in the country. If we add to this the number of personnel engaged in materials work in the industrial and communications departments and other industries and trades, a total of several million people may be considered to be engaged in this line of work. They are indeed great in number but their quality is poor. Of the total number of staff members and workers of the materials departments, over 50 percent were employed after the "Great Cultural Revolution." Of these, around 70 percent are of a cultural level of primary middle school grade or below, whereas only 6.8 percent are of the cultural level of middle schools or specialized schools and may be said to have specialized talents. With such a low cultural level, how is it possible to meet the materials management demands for realization of the four modernizations? If such a situation persists in departments specially engaged in organizing the circulation of materials, we can well imagine the state of affairs of materials management personnel in other industries and trades. Although at present in the country there are already four or five higher institutions of learning conducting classes (or offering specialized courses) on materials management and control and over 20 middle grade materials management schools, the number of graduates each year is far from meeting actual social needs.

In order to let the materials control departments effectively display their management and control function in organizing the circulation of materials, we must rely to a very large extent on the quality level of the materials departments and materials enterprises, this quality level is in turn determined by the quality level of the materials management personnel. Only in improving the quality level of the materials management personnel will it be possible for them to use their rich and solid knowledge and skill as the internal mobile force in displaying their awareness and creativeness and solving the problems met with in the circulation of materials. Only in so doing will it be possible to promote improvement of the economic results of the circulation of materials.

Following the development of science and technology and the enlargement of the scale of the circulation of materials, in the field of the circulation of materials, there is an increasing need for the application of modern scientific and technological accomplishments. If only we can join people who have a grasp of modern materials management knowledge and modern materials management technology and have them organized under an advanced management system, the economic results of the circulation of materials in our country could then certainly enjoy a faster and greater improvement. This can be entirely predicted.

CSO: 4006/565

INDUSTRY

HUNAN'S MACHINE INDUSTRY PRODUCTION IN JANUARY

Changsha HUNAN JINGJI XINXIBAO in Chinese 25 Feb 84 p 1

[Article by Li Zhuwen [2621 6308 2429] of the Hunan Provincial Statistical Bureau: "The Situation of Hunan's Machine Industry Is a Source of Gratification"]

[Text] On top of a 20.2 percent increase in production in 1983 over the previous year, Hunan has again gotten off to a good start in January of this year. The system under the Hunan Provincial Machine Building Department has achieved the gross industrial output value of 97.32 million yuan, showing an increase of 22.5 percent over the previous month and an increase of 6.7 percent over the same period last year. The system under the Hunan Provincial Electronics Industrial Company achieved the gross industrial output value of 17.72 million yuan, showing an increase of 7.2 percent over the previous month and an increase of 3.9 percent over the same period last year. The production of 20 of the 50 machinery products showed an increase over the same period last year. Among the 20, internal-combustion engines increased by 1.28 times, hoisting devices by 58.7 percent, television sets by 37.7 percent, pumps by 21.5 percent, motor vehicles by 33.3 percent, walking tractors by 25.9 percent and pocket electronic calculators by 38.6 percent.

The machine industry was able to achieve an increase in production by the adoption of certain measures. First, the industry fully implemented the spirit of the Hunan Provincial Planning Conference. In the latter part of December 1983, it began to make production plans for 1984, to draw up specific production quotas, to adopt specific measures for carrying out the production plan and to pay special attention to making improvements, adopting new models and increasing the ability of the enterprises to cope with emergencies. Second, the industry was able to make plans at an early date and to do a good job in putting those plans into action. Since the latter part of last year, the industry has been resorting to various means to control the amount of production according to the demand. So far this year, it has achieved an output value of 960 million yuan, or 71 percent of the quota for the year, while certain key enterprises have already achieved the full quota for the year. Third, the industry was able to generate electricity on its own in order to cope with the shortage of electric power. Fourth, the industry was able to draw up a work program for the spring season. In view of the

Spring Festival holidays and the reduced number of working days, many of the units saw to it that workshops, teams and groups as well as individuals fulfilled their quotas and that while striving to achieve their production quota for January, they also directed their efforts toward making production plans for February.

9621

CSO: 4006/458

INDUSTRY

JIANGSU INCREASES INDUSTRIAL, AGRICULTURAL OUTPUT VALUE

Nanjing XINHUA RIBAO in Chinese 17 Mar 84 p 1

[Report by reporting staff assigned to Jiangsu Province: "Gross Industrial and Agricultural Output Value in Jiangsu Province Doubles in 7 Years"]

[Text] The Jiangsu Provincial CPC Committee has decided, through the consolidation of the party organization, "to create a new situation by tackling the major problems and taking a firm grasp of the key points," to strengthen the confidence of those in leadership positions at various levels throughout the province in their ability to attain the comprehensive objectives set forth by the 12th National Congress of the CPC and to make the doubling of the gross industrial and agricultural output value of the province by 1990 the focal point in their work. That was the gist of what was said by Han Peixin [7281 1014 0207], secretary of the Jiangsu Provincial Party Committee, in an interview with reporters on March 13.

The gross industrial and agricultural output value of Jiangsu Province has more than doubled in the past 7 years. While studying ways to consolidate the party, members of the Standing Committee of the Jiangsu Provincial Party Committee reviewed the economic development of the province, analyzed the existing problems and discussed specific measures to go a step further in shifting the point of emphasis to concentrating all efforts on doubling economic gains.

In 1983, the gross industrial and agricultural output value of the province came to 81.1 billion yuan, of which 24.2 billion were accounted for by the value of agricultural production. The province occupies a position of primacy among the 29 provinces, cities and autonomous regions. In 1976, the gross industrial and agricultural output value of the province came to only 38.1 billion yuan. Since 1977, however, it has been increasing at an average annual rate of 11.4 percent. It has, in short, more than doubled in 7 years.

Between 1977 and 1983, the province paid to the state in taxes, treasury bonds and energy resource levies the amount of 28.4 billion yuan, an amount which is more than the original value of all the fixed assets of the province, or "the entire value of Jiangsu Province within a period of 7 years."

In February of this year, a number of comrades in leadership positions in the Party Central Committee who came to inspect the work being done in the province were much gratified by what they had seen. While commending the major economic achievements made by the province, they expressed the view that by developing at a high rate of speed despite the relatively high base figures from which it started, the province had set an example of strategic significance. They were of the opinion that if, in the course of the next 7 years, Jiangsu could maintain its leadership position in the economic field in the nation, it not only would be able to make a breakthrough for itself but would also serve as a source of political inspiration to the entire nation. The comrades in leadership positions in the Party Central Committee characterized the achievements made by Jiangsu in the past 7 years as "seven victories in seven battles" and expressed the hope that the achievement would be repeated.

Han Peixin told the reports that while what was said by the leadership comrades in the Party Central Committee was most inspiring, it also exerted considerable pressure. The economic level of the province, he stated, could not be said to be the highest in the nation. For example, the province ranked 6th in average per-capita income, 8th in the rate of labor productivity in society and 11th in the rate of energy utilization, all exposing the weak links that existed in the province. He expressed the opinion that the work being done in the cultural, scientific and educational fields had yet to meet the requirements for the development of the national economy. That being the case, he said, we must keep a clear head and direct our major efforts toward strengthening the weak links where the greatest potential lay.

The economic development of Jiangsu Province since the establishment of the republic over 30 years ago indicates that the cycle for doubling the output value is likely to become shorter and shorter. It took 9 years to double the output value between 1949 and 1958, 12 years between 1959 and 1970, 8 years between 1971 and 1978, but only 5 years to almost double the output value between 1979 and 1983. Judging from the rapid rate of economic development in Jiangsu since the 3d Plenum of the 11th Party Central Committee, it cannot be said that the higher the base figures, the slower the rate of development is likely to be. That should serve as a source of inspiration as we direct our efforts toward the doubling of the output value in Jiangsu.

Han Peixin further told the reporters that in order to achieve the objective of doubling the output value in Jiangsu once again by 1990 (using the 1980 base figure), it would be necessary to adopt strategic measures in making arrangements and preparations, such as paying more attention to southern Jiangsu and developing northern Jiangsu at a more rapid rate, developing the role played by the cities as focal points, speeding up the development of the rural economy, bringing about more technical improvements, further implementing the policy of opening the door to foreigners and enlivening the domestic economy and going a step further in directing our energies and financial, material and labor resources toward economic construction. We must, in particular, show determination in bringing about reforms, be bold in creating what is new and stand united in waging the struggle in order to achieve "seven victories in seven battles."

INDUSTRY

JIANGSU'S INDUSTRIAL PRODUCTION

Nanjing XINHUA RIBAO in Chinese 19 Mar 84 p 1

[Article by Bai Jinhua [2672 6855 5478]: "The Gross Output Value of the Industrial Enterprises in the Villages and Towns in Jiangsu Province Has Increased One and a Half Times in 5 Years"]

[Text] The industrial enterprises in the villages and towns in Jiangsu Province have achieved notable results in their effort to increase their economic effectiveness. In 1983, their gross output value came to over 15.8 billion yuan, showing an increase of over 20 percent compared to the previous year, or an increase of one and a half times over 1978. The number of sales, the profits realized, the taxes paid to the state and the amount of wages paid to the workers all achieved the highest level in history.

Last year, the enterprises established by the communes and brigades in the various localities in the province made the achievement of greater economic effectiveness the central task in their operations. Many of the enterprises switched from the pure production pattern to the production and operations pattern. Last year, the industrial enterprises established by the 1,108 communes and brigades in the suburb of Yancheng were able to make gains by strengthening market research and forecasting, making correct decisions in their operations, widening the avenues of supply and marketing, improving their attitude of service and doing a good job of administration at the basic level.

Last year, 94.1 percent of the 57,494 industrial enterprises in the villages and towns in Jiangsu adopted the contract responsibility system in their operations, thus making it possible to achieve a higher degree of economic effectiveness. After having adopted the system, the 699 enterprises in Taicang County achieved a gratifying 22.7 percent increase in output value, a 28 percent increase in profits, a 36.7 percent increase in tax payments and a 16 percent decrease in the usage rate of output value funds.

By the end of last year, 14.7 percent of the industrial enterprises established by the communes and brigades in the province had undergone wholesale reorganization, while 65 percent had undergone financial reorganization. After having undergone wholesale reorganization, all the four money-losing

enterprises in the suburb of Suzhou began to make profits. Last year, 9 out of the 16 products of the entire suburb rated as superior were produced by enterprises established by the communes and brigades following their reorganization. In 1983, a silver trophy was awarded by the state for the purifying working tables produced by the Huqiu Chassis Factory.

The enterprises established by the communes and brigades in the province have in recent years increased their rate of labor productivity by developing new products through technical progress, by reforming the technological process, by renewing their equipment, by carrying out the "twin reforms" and by conserving the use of energy and the consumption of raw materials. Thirty-seven villages and towns in Wuxi County have established technical cooperation projects with the scientific research units of the universities, training schools, academies and educational institutions, as a result of which they have implemented and turned out over 100 technical reform projects and new products. They have also sent 224 young people with senior middle school academic standards to undergo training in the universities, training schools, academies and educational institutions, after which they returned to serve the enterprises in scientific and technical capacities.

In order to improve the standard of the financial and accounting personnel of the enterprises in the villages and towns, the various localities have also directed their efforts toward the training of financial and accounting workers at various levels and in the various businesses. The Commune and Brigade Enterprise Bureau of the province has in the past 2 years conducted cost management training classes in nine lines of business, including bricks and tiles, cement, machinery, cotton textiles, knitting, silk reeling, chemical industry, electronics and dress-making and has offered training to 1,302 general-ledger accountants for the key enterprises. The various cities and counties have offered training to over 14,000 financial and accounting workers in various enterprises. All the assistant accountants of the 2,107 industrial companies in the villages (communes) have undergone training on a rotational basis. As a result of the training, a large number of financial and accounting workers in the enterprises have come to acquire greater knowledge in their special fields, improved the standard of their operations, strengthened their grasp of cost administration and increased their economic effectiveness.

9621

CSO: 4006/458

INDUSTRY

BRIEFS

GANSU'S GROSS INDUSTRIAL OUTPUT VALUE--Gansu, whose gross industrial output value in 1983 reached its highest level in history, has become one of the regions which have achieved the highest rate of increase and effectiveness in the nation. The gross industrial output value of the province showed an increase of 10.8 percent compared to the previous year, while profits and profit taxes increased by 26 percent and 13.6 percent, respectively. The number of enterprises which suffered losses was reduced by 68.2 percent and the amount of losses was reduced by 58.6 percent. Although losses were suffered by 8.3 percent of the enterprises, the financial receipts of the province showed an increase of 13.7 percent compared to the previous year. With a view to reversing the backward state of Gansu's technology, techniques and equipment, the Gansu Provincial People's Government and the Gansu Provincial Economic Commission have since 1983 allocated over 300 million yuan to bring about the technical reform of some 900 enterprises which, as a result, have shown a significant increase in their economic effectiveness. According to preliminary statistics, some 20 to 30 percent of the additional gross industrial output value and additional profits may be attributed to technical reforms and improvements. [Text] [Beijing JINGJI RIBAO in Chinese 10 Feb 84 p 1] 9621

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